

## Cabinet

**Date: 20 October 2014**

**Subject: Financial Report 2014/15 – August 2014**

Lead officer: Paul Dale

Lead member: Mark Allison

### Recommendations:

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- A. That Cabinet note the financial reporting data relating to revenue budgetary control, showing a forecast net overspend at year end of £5.28 million, 3.2% of the net budget, an increase of £1.6m from last month.
- B. Note that the Public Health underspend of £778k and the Local Welfare support underspend of £240k is to be carried forward and therefore a nil variance is reported this month.
- C. That Cabinet approve the virement of £170k from reserves to Communications to recruit 2 posts for sales and marketing to provide strategic advice, commercial working and drive forward the project to increase income in the borough. The funding is required for 2 years.
- D. That Cabinet note the adjustments in Appendix 5b and approve the following adjustments:

	£
	<u>2014/15</u>
Central Road - TfL	360,000
Coombe Lane - TfL	90,000
	<u>2015/16</u>
Mitcham Major Schemes *	557,000
191-3 Western Road	115,000
CCTV (Match Funding)	155,000
	<u>2016/17</u>
Mitcham Major Schemes *	885,000
CCTV (Match Funding)	300,000

\* ringfenced funding from Transport for London

- E. That Cabinet note the following schemes have been removed from the Capital Programme in Appendix 5b:

	£
Haydons Road - TfL	374,000
B521 Morden Park	29,780
B626a-c Cottenham Park and Holland Gardens	28,000
London Rd Lower Green to Cricket - TfL	76,000
High Path Area (Option 1 and 3)	6,000
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Total	523,780

## PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the regular financial monitoring report for 2014/15 presented to CMT in line with the financial reporting timetable. It is based on expenditure and income as at 31<sup>st</sup> August 2014.

This financial monitoring report provides:-

- The latest budgetary control information on revenue expenditure and income, forecasting a year end overspend of £5.28m (last month £3.67m);
- As the Public Health and Local Welfare Support underspend is to be carried forward, the real change in forecast estimate from last month is £592k.
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2014/15;

## 2. 2014/15 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

2.1 **Executive summary** - As at August the forecast is expected to be a net £5.3m overspend compared to the current budget.

### Summary Position as at 31st August 2014

	Current Budget 2014/15 £000s	Full Year Forecast (Aug) £000s	Forecast Variance at year end (Aug) £000s	Forecast Variance at year end (July) £000s	Outturn variance 2013/14 £000s
<b>Department</b>					
3A. Corporate Services	12,772	12,280	(492)	(686)	(732)
3B. Children, Schools and Families	48,296	51,479	3,183	2,662	556
3C. Community and Housing	61,991	63,697	1,706	1,696	(1,122)
3D. Public Health	0	(0)	(0)	(784)	0
3E. Environment & Regeneration	24,116	25,991	1,875	1,762	(576)
Overheads	0	0	0	0	55
<b>NET SERVICE EXPENDITURE</b>	<b>147,175</b>	<b>153,447</b>	<b>6,272</b>	<b>4,649</b>	<b>(1,820)</b>
<b>3E. Corporate Items</b>					
Impact of Capital on revenue budget	14,103	14,103	0	0	0
Central budgets	333	(658)	(991)	(977)	2,429
Levies	931	931	0	0	0
<b>TOTAL CORPORATE PROVISIONS</b>	<b>15,367</b>	<b>14,376</b>	<b>(991)</b>	<b>(977)</b>	<b>2,429</b>
<b>TOTAL GENERAL FUND</b>	<b>162,542</b>	<b>167,823</b>	<b>5,281</b>	<b>3,672</b>	<b>610</b>
<b>FUNDING</b>					
Revenue Support Grant	(39,738)	(39,738)	0	0	(249)
Business Rates	(33,253)	(33,253)	0	0	0
Other Grants	(9,972)	(10,053)	(81)	(81)	(359)
Council Tax and Collection Fund	(79,578)	(79,578)	0	0	0
<b>FUNDING</b>	<b>(162,543)</b>	<b>(162,622)</b>	<b>(81)</b>	<b>(81)</b>	<b>(610)</b>

A detailed table is provided as Appendix 1.

It should be noted that C&H and CSF have netted down the forecast overspend by £915k of one-off Public Health money. This reduces the overall overspend from £6.2m to £5.28m reported.

Chart 1 below shows the forecast year end variance for departmental expenditure with a comparison against both 2013/14 and 2012/13.

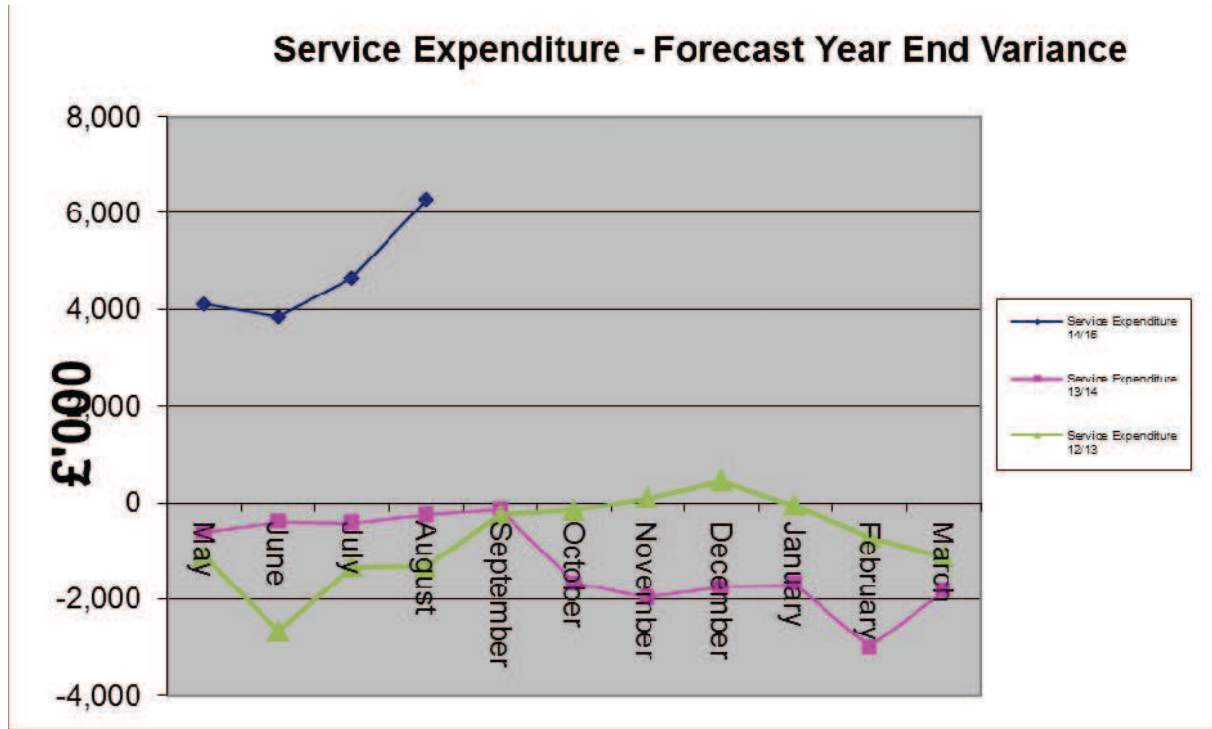
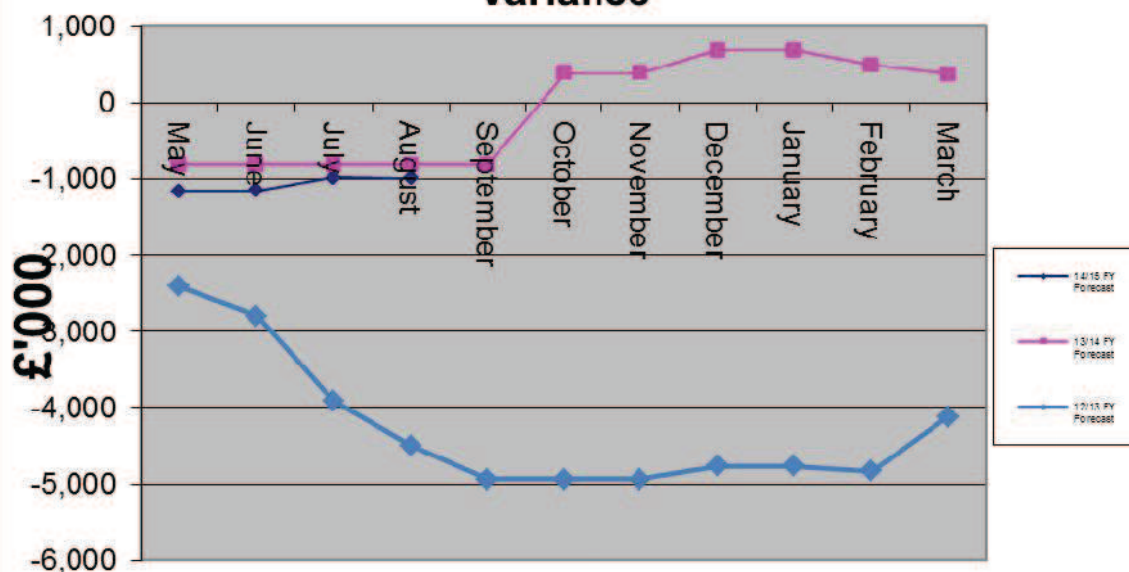


Chart 2 shows the forecast year end variance for corporate provisions with a comparison against both 2013/14 and 2012/13.

## Corporate Provisions - Year End Forecast Variance



	Current Budget 2014/15	Full Year Forecast (Aug)	Forecast Variance at year end (Aug)	Forecast Variance at year end (July)	Outturn variance 2013/14
<b>Expenditure</b>	£000	£000	£000	£000	£000
Employees	92,795	94,967	2,172	1,709	275
Premises Related Expenditure	9,569	9,284	(285)	(284)	(891)
Transport Related Expenditure	13,258	14,491	1,233	1,014	20
Supplies and Services	167,105	167,475	370	(47)	1,933
Third Party Payments	84,864	89,427	4,564	4,367	(2,106)
Transfer Payments	108,347	104,009	(4,338)	(288)	6,442
Support Services	32,421	32,421	(1)	(1)	1,501
Depreciation and Impairment Losses	15,227	15,226	(1)	(1)	(0)
Corporate Provisions	15,367	14,376	(991)	(977)	2,429
<b>GROSS EXPENDITURE</b>	<b>538,952</b>	<b>541,676</b>	<b>2,724</b>	<b>5,493</b>	<b>9,603</b>
<b>Income</b>					
Government Grants	(263,313)	(259,314)	3,999	(44)	(6,425)
Other Grants, Reimbursements and Contribs	(23,559)	(24,413)	(854)	(707)	(2,361)
Customer and Client Receipts	(56,333)	(56,603)	(271)	182	(1,141)
Interest	(44)	(19)	25	25	25
Recharges	(33,020)	(33,019)	1	0	(1,446)
Balances	(141)	(485)	(343)	(1,278)	2,352
<b>GROSS INCOME</b>	<b>(376,410)</b>	<b>(373,853)</b>	<b>2,557</b>	<b>(1,820)</b>	<b>(8,994)</b>
<b>NET EXPENDITURE</b>	<b>162,542</b>	<b>167,823</b>	<b>5,281</b>	<b>3,672</b>	<b>610</b>



## 1. DEPARTMENTAL SUMMARY OF CURRENT POSITION

### Corporate Services Department

	2014/15 Current Budget	Full year Forecast August	Forecast variance at year end August	Forecast variance at year end July	2013/14 Variance
	£000	£000	£000	£000	£000
Business Improvement	3,177	3,181	4	37	-32
Infrastructure & Transactions	9,226	9,156	-70	-46	-130
Resources	7,403	7,394	-9	-76	-284
Human Resources	2,198	2,173	-25	12	-46
Corporate Governance	3,333	3,046	-287	-228	-185
Customer Services	2,305	2,200	-105	-385	-752
Corporate Items including redundancy costs	1,272	1,272	0	0	696
<b>Total (controllable)</b>	<b>28,914</b>	<b>28,422</b>	<b>-492</b>	<b>-686</b>	<b>-733</b>

### Overview

At period 5 (August) the Corporate Services department is forecasting an underspend of £492k. This is a reduction in the forecast underspend of £194k from last month. The main reason for this movement is the decision to transfer the underspend on the local welfare support scheme of £240k to reserves as there is no external funding from 2015/16 onwards.

#### **Business Improvement – forecast overspend £4k**

There is a forecast overspend of approx. £55k on support and maintenance contracts. Contracts are being reviewed in line with the development of a procurement plan to identify whether there is scope for reduction in these costs.

This overspend is partly being offset by an overachievement of street naming income. The restructure of the systems and development team within the Business Improvement division continues to make good progress. The employee forecast for the team is being reported in line with budget under the assumption that any salary protection costs will be offset by vacant posts for this financial year. As salary protection applies for 3 years this may cause budget pressures on future years.

#### **Human Resources – forecast underspend £25k**

As reported previously there is a forecast underachievement of schools SLA income of £25k due to the pressure from external providers. There is also pressure in achieving the saving to increase the CRB income target. The shortfall projected is £20k.

These overspends are offset by a forecast underspend on learning and development expenditure. The training needs of the workforce should be reviewed by managers as part of the six month appraisal process to ensure training needs are identified and commissioned through the central learning and development team.

### **Corporate Governance – forecast underspend £287k**

The Benefits Investigation team currently has 7.6 posts investigating both welfare and non welfare benefits. From November 2014, the posts within this team will be transferred to the DWP under the Single Fraud Investigation Service. An anti- fraud team of 3 posts will then be set up within the Audit & Investigation service to cover corporate fraud investigations. The budget for this service will therefore be under spent by approximately £98k in 2014/15. The budget for 2015/16 will need to be reduced to reflect these changes, net of reduction in Housing benefits admin grant.

The saving of a FOI/ complaints officer post will not be achieved in the current year due to a very high demand on the service. An alternate saving has being identified from various non-salary budgets within the division.

### **Customer Services – forecast underspend £105k**

The Local Welfare Support discretionary scheme continues to underspend in 14/15. The forecast underspend is £240k. This underspend will be transferred to the local welfare support reserves as was the £315k underspend in 13/14. A paper will be presented to CMT in due course with a proposal to increase the uptake of this scheme.. This is the main reason for the reduction in the forecast underspend from last month.

The forecast underspend on vacant posts are approx. £115k.

The Corporate Communications sponsorship, advertising and filming income target remains an on-going issue and budget pressure with a forecast overspend of £85k.

The Sutton shared bailiffs income target is also a pressure in 14/15 and expected to underachieve. The forecast underachievement of income is £110k.

### **Management Action**

Finance staff will continue to work closely with budget managers this year to continue to make forecasting more robust.

### 3B. Children Schools and Families

Children, Schools and Families	2014/15 Current Budget £000	Full year Forecast (Aug) £000	Forecast Variance at year end (Aug) £000	Forecast Variance at year end (Jul) £000	2013/14 Variance at year end £000
Commissioning, Strategy and Performance	7,067	8,296	1,229	1,054	449
Education	16,217	17,215	998	909	370
Social Care and Youth Inclusion	10,645	12,011	1,366	1,414	(268)
Public Health contribution	0	(415)	(415)	(415)	0
PFI	7,724	7,729	5	0	29
Redundancy costs	2,073	2,073	0	0	(24)
<b>Total (controllable)</b>	<b>43,726</b>	<b>46,909</b>	<b>3,183</b>	<b>2,962</b>	<b>556</b>

#### Overview

At the end of August Children Schools and Families is forecasting a net overspend of £3.183m on local authority funded services. There are a considerable number of duties placed on the Local Authority which have not been fully funded or not funded at all. These include remand costs, no recourse to public funds (NRPF) and the new requirement to support care leavers. This will be compounded by the Children and Families Act requirements from September 2014. This has been netted down by one off Public Health money of £415k making the underlying overspend £3.598m, (£3.377m last month) an increase of £221k.

#### Local Authority Funded Services

There are a number of volatile budgets, which require continuous and careful demand management. Significant cost pressures and underspends identified to date are detailed below:

Description	Budget £000	Aug £000	Jul £000
Fostering and residential placements (ART)	4,169	772	526
Supported lodgings/housing	627	335	346
Un-accompanied asylum seeking children (UASC)	346	142	143
Other small over and underspends	1,925	(20)	39
<b>Subtotal Commissioning, Strategy and Performance</b>	<b>7,067</b>	<b>1,229</b>	<b>1,054</b>
SEN Transport	2,816	695	640
No Recourse to Public Funds (NRPF)	0	58	90
Children with disabilities team (CWD) staffing	505	218	133
Other small over and underspends	12,896	27	46
<b>Subtotal Education</b>	<b>16,217</b>	<b>998</b>	<b>909</b>
Social work staffing costs	2,581	721	736
No Recourse to Public Funds (NRPF)	20	225	233
Supported lodgings/housing	0	133	138
Special guardianship orders (SGO)	200	258	258
Other small over and underspends	7,844	29	49
<b>Subtotal Children's Social Care and Youth Inclusion</b>	<b>10,645</b>	<b>1,366</b>	<b>1,414</b>
<b>Public Health contribution</b>	<b>0</b>	<b>(415)</b>	<b>(415)</b>
<b>Subtotal PFI</b>	<b>7,724</b>	<b>5</b>	<b>0</b>
<b>Subtotal Redundancy cost</b>	<b>2,073</b>	<b>0</b>	<b>0</b>
<b>Grand total Children, Schools and Families</b>	<b>43,726</b>	<b>3,183</b>	<b>2,962</b>

## Commissioning, Strategy and Performance Division

- While the numbers of Looked After Children (LAC) are relatively stable, the complexity of a significant proportion of cases is causing the net estimated overspend of £772k. This includes on-going pressures in independent agency fostering of £142k, in-house fostering of £255k and residential placement of £539k which is offset by underspends forecast in mother and baby placements of £164k while secure accommodation costs including remands is expected to spend to budget. The increase is due to a combination of new placements and movements to more expensive placements due to assessed need.
- The budget for semi-independent and supported lodgings/housing placements is estimated to overspend by £335k. This budget is used to finance placements for young people aged 16/17 who require semi-independent provision and for Care Leavers through to independence or, in some cases, through to the age of 21. There has been an increase in forecast expenditure since April 2014 due to increase in caseload as some young people have now reached 18 and funding for their placement has transferred from the LAC placement into this budget. Because of their specific needs, some young people have also needed to move placements and this has resulted in increased expenditure on those placements.
- The UASC payments are expected to overspend by £142k this year due to an increase in the number of claimants turning 18 which is when central government contribution towards these cases ceases.
- There are various other small over and underspends predicted across the division netting to a £20k underspend. These combine with the item described above to arrive at the total reported divisional overspend forecast of £1.229m.

## Education Division

- SEN and FE transport cost are expected to overspend by £695k due to the increased number of service users and higher than anticipated charges from the service provider. This is due to more children with challenging behaviour requiring individual transport with accompanying escorts as well as the additional costs of providing cover for transport escorts who are off sick. Work continues to ensure the most cost effective routing for individual young people. . This amount also includes an additional £300k increase in SLA charges from E&R for core routes following a formula allocation review.
- The No Recourse to Public Funds (NRPF) budgets are forecast to overspend in total by £283k for the current financial year. These overspends are expected across education (£58k) and CSC (£225k). This increase in cost is in response to case law regarding housing families with no recourse to public funds (Zambrano & Clue cases).
- The CWD team is expected to overspend by £218k. As highlighted in the budget reports to Cabinet and Council, additional capacity is being kept under regular reviewed funded as necessary from the corporate contingency. This amount equates to two additional social workers. On top of the additional staff, the team also has to cover vacancies with agency staff.
- There are various other small over and underspends predicted across the division netting to a £27k overspend. These combine with the item described above to arrive at the total reported divisional overspend forecast of £998k.

## Children's Social Care and Youth Inclusion Division

- The green and purple central social work teams and MASH team staffing budgets are expected to overspend by £721k. The teams are in a similar position to the CWD team with regards to six additional social workers kept under review and funded as necessary from corporate contingency. On top of the additional staff, the teams are also required to cover vacancies with agency staff due to difficulty in recruiting permanent members of staff. This cost could fluctuate during the course of the year depending on our ability to recruit permanent members of staff to our vacancies.
- The NRPF budgets are forecast to overspend by £225k in CSC for the current financial year. See second bullet point under education division for details.
- The budget for semi-independent and supported lodgings/housing placements in the 14+ team is expected to overspend by £133k. This is due to a combination of one-off overspend as a result of CareFirst packages that was not accrued for in the previous financial year, and on-going support cost increasing.
- Special guardianship orders (SGO) and residence orders are estimated to overspend by £258k during the current financial year due to an increase in caseload as well as increased fees resulting from case law.
- There are various other small over and underspends predicted across the division netting to a £29k overspend. These combine with the item described above to arrive at the total reported divisional overspend forecast of £1.366m.

### **Dedicated Schools Grant**

DSG funded services are expected to overspend by an estimated £1.361m (£1.278m reported last month) in 2014/15. These budgets are not within the council's general fund and any over or underspends cannot be offset against the local authority funded budgets. Any movement at year-end will be added to the DSG reserve and applied after consultation with Schools Forum. Variances between individual subjectives have been shown in the overall departmental subjective analyses.

The main reason for the expected overspend relates to post 16 SEN provision. The responsibility of these payments transferred to Authorities in 2013/14. The cost of Further Education (FE) colleges and Independent Specialist Providers (ISP) are expected to be £953k over budget as the DfE has not provided sufficient funding.

### **Management Action**

Of the £500k public health underspend allocated to CSF, £415k will be used to offset Early Years costs which enabled us to use existing general fund money to offset overspends on LAC placements.

Transport: a review of the costs of the provision involves all departments is taking place as part of our Transformation work. Issues regarding the costing methodology are being resolved and departments are working closely together to ensure the buses and taxis are used most cost efficiently. E&R are working hard to reduce staff sickness levels, which remain higher than the council average, to reduce the costs of agency cover.



As previously mentioned, there are a considerable number of duties placed on the Local Authority which have not been fully funded or not funded at all. The table below highlights the estimated overspends relating to these duties:

<b>Description</b>	<b>Budget £000</b>	<b>Aug overspend forecast £000</b>	<b>Jul overspend forecast £000</b>
Supported lodgings/housing	627	335	346
Un-accompanied asylum seeking children (UASC)	346	142	143
No Recourse to Public Funds (NRPF)	20	283	323
Special guardianship orders (SGO) & residence orders	200	258	258
Fostering	0	15	0
<b>Total</b>	<b>1,193</b>	<b>1,033</b>	<b>1,070</b>

Young people aged between 18 and 21 now have the right to stay in their foster placements beyond 18 including whilst attending university. This means their fostering placement has to remain open to them and the in-house foster carer or IFA will have to continue to be paid.

Young People on remand are classed as being LAC and also have access to care leavers' services across a range of budgets. These are in excess of the figures in the table above but included within the overall projections for the department. As the system does not separately identify costs relating to remand cases, it is not possible to identify this separately.

Unaccompanied Asylum Seeking Young People are also required to receive these leaving care services and we have 11 over 18s which is putting pressure on the UASC budget.

NRPF: The majority of families presenting needs are housing. Meetings are on-going to discuss options to reduce cost and strengthen processes and procedures. The expansion of the Merton Action for Single Homeless Hostel agreed at Cabinet will assist with housing supply, but much greater local supply is required. Discussions are on-going regarding the most economic way of procuring housing for families with no recourse to public funds.

Supported lodgings/housing placements: smarter commissioning practices through working with providers to negotiate reductions on placement costs and cost avoidance on proposed fee increases are being explored. The implementation of a "Staying Put" policy as required by new legislation which enables young people to remain in their foster placements post 18 is likely to be a cheaper option for those young people who request it rather than moving into semi-independent provision. We are also maximising the uptake of Housing Benefit for young people aged 18+.

Staff agency cover: The department has developed a scheme for newly qualified social workers (NQSW) with the aim to employ ten to twelve additional members of staff supported and quality assured by a practice assessment manager. We have also engaged an external organisation with the help of the recruitment section to source permanent social worker staff to reduce agency cover.

Of the £860k savings identified for 2014/15, it is expected that SEN transport and LAC and SEN placements will be partly delivered. Current estimates indicate that £768k will be achieved.

### (C) Community and Housing

As at the end of period 5 (August), C&H is forecast to over-spend by £1.706m,

<b>Community and Housing</b>	<b>2014/15 Current Budget</b>	<b>Full Year Forecast (Aug)</b>	<b>Forecast Variance (Aug)</b>	<b>Forecast Variance (July)</b>	<b>2013/14 Variance at year end</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Access and Assessment	42,397	43,814	1,417	1,354	(1,256)
Commissioning	5,072	5,017	(55)	(49)	(116)
Direct Provision	4,181	4,937	756	788	214
Directorate	893	842	(51)	(20)	70
Contribution from Public Health	0	(500)	(500)	(500)	0
<b>Adult Social Care</b>	<b>52,543</b>	<b>54,114</b>	<b>1,571</b>	<b>1,573</b>	<b>(1,088)</b>
Libraries and Heritage	2,504	2,487	(17)	0	27
Merton Adult Education	(272)	(114)	158	158	(29)
Housing General Fund	1,979	1,977	(2)	(35)	(32)
<b>Total (controllable)</b>	<b>56,754</b>	<b>58,464</b>	<b>1,706</b>	<b>1,696</b>	<b>(1,122)</b>

This overspending has been netted down by one off Public Health money of £500k and £290k of ASC reserves for DOLs meaning that the underlying over-spending is £2.359m.

The additional 2014-15 Better Care Fund allocation of £1.3m is included in the above budget allocation. A net £1m corporate growth was also allocated to the Adult Social Care budget.

#### **Management Action**

In order to reduce the forecast over-spend reported in P5, the following actions have been considered:-

Transitional grant funding to Voluntary Organisations is being reduced with effect from September 2014, this will reduce over-spend by £84k.

It is proposed that £200k Better Care Fund allocated to Integrated Community Equipment is reallocated to the placements budget, as there is currently sufficient budget in the pooled equipment fund. Awaiting agreement from Merton CCG. This is a one measure pending permanent action.

Thresholds for care-packages going to resources panel have been lowered, meaning a lower level of delegation to team managers.

Brokerage team is to be involved in all panel meetings to give further assurance that the best value options are being followed.



Subject to changes in management reports from Care First, real time financial and performance targets and reports to be given to team managers

Also the audit of cases involving both direct payments and council commissioned services.

The Miles Reablement service workshop to develop the model is scheduled to start. Budget manager expects all agency staff to cease by December, this is a month's delay from previously reported .

Review should generate some savings in the last quarter of the financial year.

ASC has received payment of grant allocation of £125k for the implementation of the Care Act. The purpose of the grant is to provide additional support with building change management capacity to implement the requirements of the Care Act in advance. A spend plan has been developed.

### **Access and Assessment - £1,417k over-spend**

<b>Access and Assessment</b>	<b>Forecast Variance (Aug) £000</b>	<b>Forecast Variance (July) £000</b>
Miles –Reablement over-spend	390	306
Deprivation of Liberty	0	0
Other A&A under-spend	(701)	(779)
Gross Placements overspend	2,697	2,716
<b>Sub-total Net over-spend</b>	<b>2,387</b>	<b>2,243</b>
Over achievement of Client Contribution	(584)	(513)
Over achievement of CCG Contribution	(384)	(376)
<b>Sub-Total over-achievement of Income</b>	<b>(969)</b>	<b>(889)</b>
<b>Total A&amp;A Forecast over-spend</b>	<b>1,417</b>	<b>1,354</b>

It has been agreed that the £290k budget pressure for DoLs will be funded from ASC IFRS Reserves.

### **Placements Budget Overview**

#### **Placements Overspend £2.7m**

The total gross placement budget for 2014-15 is £37.6m and forecast total commitment is £40.3m

This includes £2.3m net growth allocated in setting the budget to deal with volume increases and savings of £1.916m through improved efficiency, better commissioning and contracting and service changes. There is therefore a net growth in the budget £0.4m plus inflation.

This is based on the latest data but is subject to wide potential variation.

The impact of the savings on the budget position for 2014-15 is being monitored.

The table below identifies the movement in care package numbers:

<b>Activity Data – Care Package Numbers</b>	<b>No of Care Packages as at October 2013 (budget setting)</b>	<b>No of Care Packages as at Aug 2014</b>	<b>Increase/ (decrease) since Budget Setting</b>	<b>Total Yearly Commitment @ Aug 14 £000</b>
Service Area				
Mental Health	157	150	(7)	£1,601
Physical and Sensory	289	280	(9)	£3,934
Learning Disabilities	369	403	34	£12,744
Older People	1,631	1,758	127	£20,993
Substance Misuse	8	18	10	£227
No recourse to public funds	12	12	0	£198
Transport				£312
Other Placement Expenditure				£121
<b>TOTAL Gross placement expenditure</b>	<b>2,466</b>	<b>2,621</b>	<b>155</b>	<b>£40,318</b>

Gross expenditure in the placements budget is complex to monitor and depends on CareFirst records and care packages always being up to date. It is essential to monitor that this continues.

The income budget was re-aligned as part of budget setting.

However based on latest data, income is currently forecast to over-achieve by £969. This needs to be adjusted with the expenditure budget to more closely align both to the real situation. The monitoring of income is a key budget area where enhancement of the monitoring is being further developed.

#### **Commissioning under -spend £55k**

It has been agreed that transitions funding to Voluntary organisations will be tapered off, so for October 2014 to March 2015, organisations will receive half of the funding they received in the first half of the financial year, but will not receive any funding in 2015/16. The effect of this agreement is £183k over-spend on Voluntary Organisations budgets. Salaries budget is £36k under-spend due to vacancies across the commissioning team. Supporting People grant is forecast to under-spend by £124k; however the Underspend is not guaranteed due to on-going contract negotiation and subsidy movements. There are under-spends in other areas in commissioning which will be used to off-set the overall position of the department.

#### **Direct Provision over-spend £756k**

The main cause of the adverse variances is due to a over-spend on Transport SLA (Core-route) charges. This budget is forecast to over-spend by £600k.

The department put forward a budget saving of £246k in this area which is clearly not being achieved. Operational measures have been taken to reduce volumes within the SLA, but this volume reduction has not been matched by a reduction in re-charges. This saving was proposed against an already overspending budget

There is also budget pressure on salaries in Direct Provision.

#### **Libraries- £17k under-spend**

Libraries is reporting an under spend on the media fund and some short term vacancies.

## MAE - £158k over-spend

Over-spend is mainly due to forecast under-achievement of Income and the 2014/15 savings that must be delivered or alternatives found elsewhere in the department. The service will require a comprehensive review and a management action plan in 2014/15 to ensure that this saving is delivered.

Although currently showing an overspend on expenditure, budget manager expects to contain expenditure within budget by the end of the financial year. This should happen once budget is realigned due to class closures.

Strategic options have been incorporated into the Target Operating Model

## Housing is expected to under -spend by £2k

There has been an increase in forecast expenditure of £37k in Housing Needs from previous month for the following £25k on a special project , to develop an on line tool for housing options and registrations. Budget manager did not 'bid' for monies for this project via the capital board as he took the view that this was not a major project. There have been discussions with Home Connections , current provider for choice based lettings and there is a plan to involve Corporate IT. Additional forecast expenditure for Recruitment Adverts £2.5k, Customer survey £3.2k, Photocopying £5k, and Miscellaneous fees £1.5k

## Public Health

Public Health is forecast to underspend by £778k

<b>Public Health</b>	<b>2014/15 Current Budget</b>	<b>Full Year Forecast (Aug)</b>	<b>Forecast Variance (Aug)</b>	<b>Forecast Variance (Jul)</b>	<b>2013/14 Final Out- turn</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
PH - Directorate	907	1,017	110	110	631
PH- Contraception	706	717	11	28	589
PH - STI Testing and Treatment (GUM)	2,060	2,344	284	266	2,275
PH - SH Advice, Prevent and Promotion	360	267	(93)	(75)	301
PH - NHS Health check	232	227	(5)	5	172
PH - Falls Prevention	66	59	(7)	(9)	55
PH - Obesity	348	344	(4)	(5)	357
PH – Live well (including smoking cessation)	355	316	(39)	(39)	346
PH - Substance Misuse (drugs and alcohol)	2,057	1,672	(385)	(385)	1,837
PH - School Nursing (including National Child Measurement programme)	628	609	(19)	(19)	570
PH - Surveillance and Control of Infectious Diseases	65	2	(63)	(65)	0
PH - Community Services Contract Estates	191	282	91	91	188
PH - New Investments	1,151	492	(659)	(687)	0
<b>Total Public Health (controllable)</b>	<b>9,126</b>	<b>8,347</b>	<b>(778)</b>	<b>(784)</b>	<b>7321</b>

The main causes of the forecast underspend on Public Health are as a result of delay to projects due to the need for Council to make savings and reconfigure services and capacity in Public Health team.

There are also challenges to Public Health budget from MCCG of £900k.

Progress is being made on all these areas.

### 3D) Environment & Regeneration

<b>Environment &amp; Regeneration</b>	<b>2014/15 Current Budget £000</b>	<b>Full year Forecast (Aug) £000</b>	<b>Forecast Variance at year end (Aug) £000</b>	<b>Forecast Variance at year end (July) £000</b>	<b>2013/14 Final Out- turn £000</b>
Public Protection	(7,046)	(6,870)	176	204	243
Sustainable Communities (Excl. T&H)	2,509	2,912	403	174	(54)
Traffic & Highways (T&H)	8,578	9,129	551	529	(122)
Waste Services	14,159	15,058	899	895	(1,116)
Safer Merton	1,043	971	(72)	(29)	(63)
Other	(752)	(835)	(83)	(11)	537
<b>Total (Controllable)</b>	<b>18,491</b>	<b>20,365</b>	<b>1,874</b>	<b>1,762</b>	<b>-575</b>

Description	2014/15 Current Budget £000	Forecast Variance at year end (Aug) £000	Forecast Variance at year end (July) £000
Employee overspend in Parking Services	2,476	53	96
Underachievement of income in Parking Services	(12,184)	177	90
Other	2,662	(54)	18
<b>Total for Public Protection</b>	<b>(7,046)</b>	<b>176</b>	<b>204</b>
Employee overspend within B&DC	1,580	259	70
General Supplies & Services underspend within B&DC	232	(95)	(90)
Shortfall in Building & Development Control (B&DC) income	(1,859)	213	263
Employee related underspend within Traffic & Highways	1,872	(166)	(129)
Reduction in ability to Capitalise expenditure	(464)	464	464
Overspend on third party payments within Traffic & Highways	2,340	83	132
Underachievement of Customer & Client Receipts in Traffic & Highways	(1,453)	209	162
Overachievement of rental income in Property Management	(4,042)	(41)	(45)
Employee overspend within Greenspaces	2,231	144	96
Overachievement of Other Grants & Contributions within Greenspaces	(97)	(99)	(130)
Underachievement of Customer & Client Receipts within Greenspaces	(2,324)	111	101
Employee overspend within Future Merton	1,388	35	46
Employee underspend within Senior Mgmt & Support	758	(36)	(27)
Other	(11,249)	127	(210)
<b>Total for Sustainable Communities</b>	<b>11,087</b>	<b>954</b>	<b>703</b>
Employee overspend within Waste Services	7,181	339	365
General Supplies & Services underspend within Waste Services	1,114	(175)	(186)
Overspend on 3 <sup>rd</sup> Party Payments – principally SLWP	6,285	575	457
Transport related underspend within Waste Services	1,983	(310)	(258)
Shortfall in Waste Services income – principally Commercial Waste	(2,777)	448	510
Transport Services	(752)	(83)	(11)
Other	373	22	7
<b>Total for Street Scene &amp; Waste</b>	<b>13,407</b>	<b>816</b>	<b>884</b>
Employee underspend Safer Merton	840	(65)	(55)
Other	203	(7)	26
<b>Total for Safer Merton</b>	<b>1,043</b>	<b>(72)</b>	<b>(29)</b>
<b>Total Excluding Overheads</b>	<b>18,491</b>	<b>1,874</b>	<b>1,762</b>

### Overview

The department is currently forecasting an overspend of £1,874k at year end. The main areas of variance are Waste Services, Traffic & Highways, Parking Services, Greenspaces, and Building & Development Control.

### Pressures

#### Public Protection

##### **Parking Services**

The section is currently forecasting an overspend of £196k. Contributing to this is a £53k staff overspend, which is the result of employing additional agency CEOs to enforce areas not routinely

enforced within the existing staff rotas, and to mitigate the effect of staff sickness on enforcement. A further £177k is due to an overall underachievement of income.

## **Sustainable Communities**

### **Greenspaces**

The section is forecasting an overspend of £166k due to a few factors. Firstly, an employee overspend of £144k is being forecast, which is as a result of overtime payments to cover for absences, such as annual leave and sickness, in order to maintain service standards (£60k), staffing the paddling pools (£40k), Wimbledon fortnight (£15k), and staffing of the firework displays (£15k). Secondly, an underachievement of income totalling £111k is expected relating mainly to sports bookings (£45k), and the hiring of openspaces e.g. Wimbledon Park athletics track (£48k). These overspends are being partially mitigated by the reversal of a prior year corporate write-off totalling £90k.

### **Building & Development Control**

The section is currently forecasting an overspend of £313k mainly due to an employee overspend of £259k, and a shortfall in Customer & Client receipts of £213k. This is partially offset by an underspend of £95k in supplies and services. The employee overspend is the result of the additional temporary staff for the agreed 2-year fixed term enhancement of the service.

### **Traffic & Highways**

The section is forecasting an overspend of £551k, mainly as a result of a clearer understanding of guidelines and actual patterns of expenditure meaning that the section charges a lower level of highways maintenance spend to Capital than previously and, as a result, incurs increased revenue costs. A permanent solution to this issue will be required before the 2015/16 budget is set.

The section also has a forecast income shortfall of £209k, mainly relating to the London Permitting Scheme (LoPS) and street work activities, due to greater compliance.

These forecast overspends are being partially offset by an employee underspend of about £166k.

## **Street Scene & Waste**

### **Waste Services**

The section is currently forecasting an overspend of £899k, mainly due to a forecast shortfall in Customer & Client receipts, specifically on Commercial activities (including Commercial Waste, clinical waste and bulky waste collection) which is forecasting an income shortfall of around £706k. This compares to a shortfall of £389k in 2013/14. However, an agreed saving of £250k has been implemented in 2014/15 for Commercial Waste.

In addition, the section is currently projecting an employee related overspend of about £339k. This is as a result of a combination of issues, including the need to realign the budget with the actual cost of activities undertaken by refuse collection and street cleansing. There is also an element of non-contractual overtime and agency cover for sick leave absences. Actions are being taken in order to reduce this overspend wherever possible, including an action plan to reduce the level of sick leave absence, and not covering absences with agency staff where this does not impact on service delivery. In addition, the section is currently working with Eunomia to analyse the commercial waste costs / income. Eunomia are conducting a "full" review of the service, seeking to deliver a final report



on action required to improve profitability and income achievement. The report is expected later in the calendar year..

### **Management Action**

The department is implementing actions to mitigate the budget pressures where possible, and all managers are aware of the need to contain expenditure and maximise income wherever possible. Corporate guidance regarding the filling of vacant posts will be strictly adhered to.

### **(E) Corporate Items**

The details comparing actual expenditure up to 31 August 2014 against budget are contained in Appendix 2. The main areas of variance as at 31 August 2014 are:-

Corporate Items	Current Budget 2014/15 £000s	Full Year Forecast (Aug.) £000s	Forecast Variance at year end (Aug.) £000s	Forecast Variance at year end (July) £000s	2013/14 Year end Variance £000s
Cost of borrowing	14,103	14,032	-71	-72	-166
Use for Capital Programme	0	71	71	72	512
<b>Impact of Capital on revenue budget</b>	<b>14,103</b>	<b>14,103</b>	<b>0</b>	<b>0</b>	<b>346</b>
Investment Income	-522	-522	0	0	-346
Pension Fund	13,434	13,434	0	0	21
Pay and Price Inflation	1,624	1,624	0	0	-314
Contingencies and provisions	4,392	3,401	-991	-977	845
Income Items	0	0	0	0	-177
Appropriations/Transfers	-3,368	-3,368	0	0	2,051
<b>Central Items</b>	<b>15,560</b>	<b>14,569</b>	<b>-991</b>	<b>-977</b>	<b>2,080</b>
Levies	931	931	0	0	0
Depreciation and Impairment	-15,227	-15,227	0	0	3
<b>TOTAL CORPORATE PROVISIONS</b>	<b>15,367</b>	<b>14,376</b>	<b>-991</b>	<b>-977</b>	<b>2,429</b>

There has been a small change in the forecast variance since July, and as previously advised, it is anticipated that the contingencies and provisions budgets will be underutilised by c. £1m.

There are no other significant variations in the corporate expenditure forecast against budget in August.



## 4. CAPITAL PROGRAMME 2014-18 – August Monitoring

### 4.1 Capital Expenditure

4.1.1 Over the past three financial years considerable work has been undertaken to reduce the Capital Programme to levels that can be delivered with our current staffing complement. Historically this has been shown to be around £40 million per annum, in 2013/14 this reduced to £30 million. The July Cabinet approved capital programme was just under £52 million, the proposed programme is just under £50 million.

#### Comparison of Spend to August between 2012/13, 2013/14 and 2014/15

Department	Spend To Aug 2012	Spend To Aug 2013	Spend To Aug 2014	Variance 2012 to 2014	Variance 2013 to 2014
Children Schools and Families	10,045	2,851	5,854	(4,191)	3,003
Corporate Services	1,006	1,049	216	(790)	(833)
Community and Housing	362	785	109	(253)	(676)
Environment and Regeneration	3,624	3,396	1,396	(2,228)	(2,000)
<b>Total Capital</b>	<b>15,037</b>	<b>8,081</b>	<b>7,575</b>	<b>(7,462)</b>	<b>(506)</b>

Outturn £000s	40,487	31,564	
Budget £000s			49,717
Projected Spend October 2013 £000s			46,197
Percentage Spend to Budget			15.24%
Percentage Spend to Outturn/Projection	37.14%	25.60%	16.40%

4.1.2 August is five months of the way through the financial year however departments have only spent 15.2% of their budget or 16.4% of their forecast, in the last two years spend was in the region of 30% of the final outturn by this point. To achieve a projected spend of £46.1m officers will need to spend just over £4.8m per month for each of the remaining 7 months. The table below shows that in July 2014 departments have managed to spend just over £2.3 million.

Department	Spend To July 2014	Spend To Aug 2014	Variance
Children Schools and Families	3,924	5,854	1,930
Corporate Services	185	216	31
Community and Housing	107	109	2
Environment and Regeneration	1,017	1,396	379
<b>Total Capital</b>	<b>5,233</b>	<b>7,575</b>	<b>2,342</b>

## 4.2 Capital Programme 2014/15

4.2.1 The table below summarises the position in respect of the Capital Programme as at July 2014 the detail is shown in Appendix 5a:

### Merton Summary Capital Report - August 2014 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Community and Housing	2,817,720	109,098	313,340	(204,242)	2,814,729	(2,991)
Corporate Services	6,013,500	216,181	1,715,097	(1,498,916)	3,477,620	(2,535,880)
Children Schools and Families	27,790,560	5,854,497	9,350,997	(3,496,501)	27,352,438	(438,122)
Environment and Regeneration	13,095,490	1,395,948	1,657,996	(262,049)	12,551,955	(458,535)
<b>Total Capital</b>	<b>49,717,270</b>	<b>7,575,724</b>	<b>13,037,430</b>	<b>(5,461,708)</b>	<b>46,196,742</b>	<b>(3,435,528)</b>

#### Notes

1. Corporate Services the bulk projected under spend is due to three corporate schemes – Acquisitions (£1,042k), Capital Bidding Fund (£500k) and Capital Transformation (£400k) which are held to fund transformation activity throughout the organisation.
2. Children, Schools and Families – The major cause of the projected variance is slippage in the programme at Singlegate School of £411k.
3. Environment and Regeneration – the following projected underspends/slippage against this year's budget account for the bulk of the projected variances on this forecast:

	<u>£000's</u>
Mitcham/Colliers Wood Regeneration Schemes	130
Mobile Working	50
Wimbledon Town Centre Transport Improvements	47
Shopfront Improvements	43
River Wandle Footbridge	30
Lombard Industrial Estate	24
Fair Green	23
Poulter Park	22
Shared Space	20
<b>Total</b>	<u><u>389</u></u>

4.2.2 The adjustments being made to the capital programme are detailed in Appendix 5b and the impact on funding of these changes is detailed in Appendix 5c. The Table below shows the adjustments to the Capital Programme since its approval in March 2014:

## Changes to the Capital Programme 2014/15 since March 2014

Depts.	Original Budget 14/15	Slippage 2013/14	Reductions	New External Funding	New Internal Funding	Re-profiling	Revised Budget 14/15
Children, Schools and Families	27,193	304	0	869	0	(575)	27,791
Corporate Services	8,829	169	(538)	0	0	(2,446)	6,014
Community and Housing	2,603	302	(170)	0	42	40	2,817
Environment & Regeneration	15,920	1,368		1,233	0	(5,426)	13,095
<b>Total</b>	<b>54,545</b>	<b>2,143</b>	<b>(708)</b>	<b>2,102</b>	<b>42</b>	<b>(8,407)</b>	<b>49,717</b>

4.2.2 The Table below details the changes made to the approved programme within Appendix 5.

Depts.	July Monitoring Budget 2014/15	Variance	August 2014 Monitoring Budget 2014/15	July Monitoring Budget 2015/16	Variance	August 2014 Monitoring Budget 2015/16	July Monitoring Budget 2016/17	Variance	August 2014 Monitoring Budget 2016/17	July Monitoring Budget 2017/18	Variance	August 2014 Monitoring Budget 2017/18
CSF	27,791	0	27,791	15,297	0	15,297	22,087	0	22,087	21,399	0	21,399
CS	6,014	0	6,014	5,000	0	5,000	3,862	0	3,862	2,806	0	2,806
C&H	2,775	42	2,817	1,114	115	1,229	1,334	0	1,334	340	0	340
E&R	15,316	(2,221)	13,095	22,999	2,868	25,867	7,150	1,185	8,335	4,501	0	4,501
<b>Total</b>	<b>51,896</b>	<b>(2,179)</b>	<b>49,717</b>	<b>44,410</b>	<b>2,983</b>	<b>47,393</b>	<b>34,433</b>	<b>1,185</b>	<b>35,618</b>	<b>29,046</b>	<b>0</b>	<b>29,046</b>

4.2.3 Appendix 5b details the adjustments being made to the programme, and request four sizeable adjustments to the Transport for London Programme of Capital Works these are:

Transport for London	Starting Budget £	Virement £	Revised Budget £
Haydons Road	374,000	(374,000)	0
Central Road	0	360,000	360,000
Coombe Lane	0	90,000	90,000
London Rd Lower Green to Cricket	76,000	(76,000)	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

4.2.4 Transport for London (TfL) fully funds an agreed programme for Merton's major roads each financial year. This programme is draw from a list of priority schemes, with funding normally agreed for the current and following financial year. During the financial year amendments are made to the in-year programme with some schemes being brought forward and some pushed back. When setting the original budget for the new financial year the schemes loaded into our capital programme for TfL reflect the schemes already agreed. These schemes are then adjusted for the programme of works completed in the prior year once replacement schemes have been agreed. The adjustments in the table above are requested as a result of this process.

## 5. DELIVERY OF SAVINGS FOR 2014/15

Department	Target Savings 2014/15	Projected Savings 2014/15	Shortfall	Shortfall
	£000's	£000's	£000's	%
Corporate Services	1,650	1,590	(60)	(3.6)%
Children Schools and Families	860	768	(92)	(10.7)%
Community and Housing	2,465	562	(1,903)	(77.2)%
Environment and Regeneration	3,338	2,863	(475)	(14.2)%
<b>Total</b>	<b>8,313</b>	<b>5,783</b>	<b>(2,530)</b>	<b>(30.4)%</b>

5.1 The savings projected to be achieved are showing a significant shortfall against the target of approx. 2.5m. The projected shortfall in C&H needs to be addressed urgently and highlights that savings are not being implemented.

Detailed progress on savings by department is reported in Appendix 6.

## 6. CONSULTATION UNDERTAKEN OR PROPOSED

6.1 All relevant bodies have been consulted.

## 7. TIMETABLE

7.1 In accordance with current financial reporting timetables.

## 8. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

8.1 All relevant implications have been addressed in the report.

## 9. LEGAL AND STATUTORY IMPLICATIONS

9.1 All relevant implications have been addressed in the report.

## 10. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

10.1 Not applicable

## 11. CRIME AND DISORDER IMPLICATIONS

11.1 Not applicable

## 12. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

12.1 Officers are currently reviewing risks and issues facing the Authority, the revised Key Strategic Risk Register as at June 2014 will be reported to Cabinet as part of the July Monitoring Report.

**13. APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**

Appendix 1 – Detailed monthly position table

Appendix 2 – Detailed Corporate Items table

Appendix 3 – Pay and Price Inflation as at June 2012

Appendix 4 – Treasury Management: Outlook

Appendix 5a – Current Capital Programme 2014/15 – July Monitoring Information

Appendix 5b – Adjustments to the Capital Programme

Appendix 5c – Funding the Capital Programme

Appendix 6 – Progress on Savings

Appendix 7 - Forecast year end variance by department

**14. BACKGROUND PAPERS**

14.1 Budgetary Control files held in the Corporate Services department.

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**Summary Position as at 31st  
August 2014**

## APPENDIX 1

	Original Budget 2014/15 £000s	Current Budget 2014/15 £000s	Year to Date Budget (Aug) £000s	Year to Date Actual (Aug) £000s	Full Year Forecast (Aug) £000s	Forecast Variance at year end (Aug) £000s	Forecast Variance at year end (July) £000s
<b>Department</b>	-						
3A. Corporate Services	11,285	12,772	13,150	11,895	12,280	(492)	(686)
3B. Children, Schools and Families	48,040	48,296	68,061	69,726	51,479	3,183	2,662
<b>3C. Community and Housing</b>	-						
Adult Social Care	55,894	56,503	23,550	24,750	58,071	1,568	1,572
Libraries & Adult Education	3,232	3,232	1,672	1,630	3,373	141	158
Housing General Fund	2,207	2,256	1,022	1,152	2,253	(3)	(35)
3D. Public Health	0	0	(706)	(3,056)	(0)	(0)	(784)
3E. Environment & Regeneration	22,853	24,116	4,706	3,164	25,991	1,875	1,762
Overheads	0	0	0	0	0	0	0
<b>NET SERVICE EXPENDITURE</b>	<b>143,511</b>	<b>147,175</b>	<b>111,456</b>	<b>109,261</b>	<b>153,447</b>	<b>6,272</b>	<b>4,649</b>
<b>3E. Corporate Items</b>	-						
Impact of Capital on revenue budget	14,103	14,103	2,788	1,893	14,103	0	0
Other Central items	3,996	333	-1,964	-2,249	-658	(991)	(977)
Levies	931	931	391	391	931	0	0
<b>TOTAL CORPORATE PROVISIONS</b>	<b>19,030</b>	<b>15,367</b>	<b>1,215</b>	<b>35</b>	<b>14,376</b>	<b>-991</b>	<b>-977</b>
<b>TOTAL GENERAL FUND</b>	<b>162,541</b>	<b>162,542</b>	<b>112,671</b>	<b>109,296</b>	<b>167,823</b>	<b>5,281</b>	<b>3,672</b>
<b>- Funding</b>	-						
- Business Rates	-33253	-33253	-3847	-3847	-33253	0	0
- RSG	-39738	-39738	-24832	-24832	-39738	0	0
- Council Tax Freeze Grant 2014/15	-858	-858	-426	-426	-858	0	0
Section 31 Grant	-1118	-1118	-480	-480	-1199	-81	-81
- New Homes Bonus	-3199	-3199	-1397	-1397	-3199	0	0
- PFI Grant	-4797	-4797	-1199	-1199	-4797	0	0
<b>Grants</b>	<b>-82,963</b>	<b>-82,963</b>	<b>-32,181</b>	<b>-32,181</b>	<b>-83,044</b>	<b>-81</b>	<b>-81</b>
Collection Fund - Council Tax Surplus(-)/Deficit	-4608	-4608	0	0	-4608	0	0
Collection Fund - Business Rates Surplus(-) )/Deficit	372	372	0	0	372	0	0
<b>Council Tax</b>							
- General	-75049	-75049	0	0	-75049	0	0
- WPC	-293	-293	0	0	-293	0	0
<b>Council Tax and Collection Fund</b>	<b>-79578</b>	<b>-79578</b>	<b>0</b>	<b>0</b>	<b>-79578</b>	<b>0</b>	<b>0</b>
<b>FUNDING</b>							
	<b>-162,541</b>	<b>162,543</b>	<b>-32,181</b>	<b>-32,181</b>	<b>-162,622</b>	<b>-81</b>	<b>-81</b>

	Current Budget 2014/15	Year to Date Budget (Aug)	Year to Date Actual (Aug)	Full Year Forecast (Aug)	Forecast Variance at year end (Aug)	Forecast Variance at year end (July)	Outturn variance 2013/14
<b>Expenditure</b>	£000	£000	£000	£000	£000	£000	£000
Employees	92,795	38,366	38,690	94,967	2,172	1,709	275
Premises Related Expenditure	9,569	5,164	3,229	9,284	(285)	(284)	(891)
Transport Related Expenditure	13,258	5,434	5,407	14,491	1,233	1,014	20
Supplies and Services	167,105	59,354	57,998	167,475	370	(47)	1,933
Third Party Payments	84,864	34,573	31,406	89,427	4,564	4,367	(2,106)
Transfer Payments	108,347	4,251	4,763	104,009	(4,338)	(288)	6,442
Support Services	32,421	0	0	32,421	(1)	(1)	1,501
Depreciation and Impairment Losses	15,227	0	0	15,226	(1)	(1)	(0)
Corporate Provisions	15,367	1,215	35	14,376	(991)	(977)	2,429
<b>GROSS EXPENDITURE</b>	<b>538,952</b>	<b>148,356</b>	<b>141,528</b>	<b>541,676</b>	<b>2,724</b>	<b>5,493</b>	<b>9,603</b>
<b>Income</b>							
Government Grants	(263,313)	(5,928)	(7,301)	(259,314)	3,999	(44)	(6,425)
Other Grants, Reimbursements and Contribs	(23,559)	(7,303)	(3,752)	(24,413)	(854)	(707)	(2,361)
Customer and Client Receipts	(56,333)	(22,474)	(21,010)	(56,603)	(271)	182	(1,141)
Interest	(44)	0	0	(19)	25	25	25
Recharges	(33,020)	(62)	(6)	(33,019)	1	0	(1,446)
Balances	(141)	84	(163)	(485)	(343)	(1,278)	2,352
<b>GROSS INCOME</b>	<b>(376,410)</b>	<b>(35,685)</b>	<b>(32,233)</b>	<b>(373,853)</b>	<b>2,557</b>	<b>(1,820)</b>	<b>(8,994)</b>
<b>NET EXPENDITURE</b>	<b>162,542</b>	<b>112,672</b>	<b>109,296</b>	<b>167,823</b>	<b>5,281</b>	<b>3,672</b>	<b>610</b>



APPENDIX 2

3E. Corporate Items	Council 2014/15 £000s	Original Budget 2014/15 £000s	Current Budget 2014/15 £000s	Year to Date Budget (Aug.) £000s	Year to Date Actual (Aug.) £000s	Full Year Forecast (Aug.) £000s	Forecast Variance at year end (Aug.) £000s	Forecast Variance at year end (July) £000s
Cost of Borrowing	14,103	14,103	14,103	2,788	1,893	14,032	-71	-72
Use for Capital Programme	0	0	0	0	0	71	71	72
<b>Impact of Capital on revenue budget</b>	<b>14,103</b>	<b>14,103</b>	<b>14,103</b>	<b>2,788</b>	<b>1,893</b>	<b>14,103</b>	<b>0</b>	<b>0</b>
<b>Investment Income</b>	<b>-522</b>	<b>-522</b>	<b>-522</b>	<b>-218</b>	<b>-153</b>	<b>-522</b>	<b>0</b>	<b>0</b>
<b>Pension Fund</b>	<b>13,434</b>	<b>13,434</b>	<b>13,434</b>	<b>0</b>	<b>0</b>	<b>13,434</b>	<b>0</b>	<b>0</b>
Corporate Provision for Pay Award	807	807	807	336	0	807	0	0
Provision for inflation in excess of 1.5%	538	538	517	0	0	517	0	0
Utilities Inflation Provision	300	300	300	0	0	300	0	0
<b>Pay and Price Inflation</b>	<b>1,645</b>	<b>1,645</b>	<b>1,624</b>	<b>336</b>	<b>0</b>	<b>1,624</b>	<b>0</b>	<b>0</b>
Contingency	1,500	1,500	1,423	0	24	432	-991	-977
Single Status/Equal Pay	100	100	100	33	16	100	0	0
Bad Debt Provision	500	500	500	0	0	500	0	0
Loss of income arising from P3/P4	400	400	400	0	0	400	0	0
Revenuisation and miscellaneous	2,166	2,166	1,969	0	0	1,969	0	0
<b>Contingencies and provisions</b>	<b>4,666</b>	<b>4,666</b>	<b>4,392</b>	<b>33</b>	<b>40</b>	<b>3,401</b>	<b>-991</b>	<b>-977</b>
Local Services Support Grant					-20	0	0	0
<b>Income items</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-20</b>	<b>0</b>	<b>0</b>	<b>0</b>
Appropriations: CS Reserves	0	0	-1,291	-1,291	-1,291	-1,291	0	0
Appropriations: E&R Reserves	0	0	-1,256	-73	-73	-1,256	0	0
Appropriations: CSF Reserves	0	0	-158	-89	-89	-158	0	0
Appropriations: C&H Reserves	0	0	-663	-663	-663	-663	0	0
<b>Appropriations/Transfers</b>	<b>0</b>	<b>0</b>	<b>-3,368</b>	<b>-2,116</b>	<b>-2,116</b>	<b>-3,368</b>	<b>0</b>	<b>0</b>
<b>Depreciation and Impairment</b>	<b>-15,227</b>	<b>-15,227</b>	<b>-15,227</b>	<b>0</b>	<b>0</b>	<b>-15,227</b>	<b>0</b>	<b>0</b>
<b>Central Items</b>	<b>18,099</b>	<b>18,099</b>	<b>14,436</b>	<b>824</b>	<b>-356</b>	<b>13,445</b>	<b>-991</b>	<b>-977</b>
<b>Levies</b>	<b>931</b>	<b>931</b>	<b>931</b>	<b>391</b>	<b>391</b>	<b>931</b>	<b>0</b>	<b>0</b>
<b>TOTAL CORPORATE PROVISIONS</b>	<b>19,030</b>	<b>19,030</b>	<b>15,367</b>	<b>1,215</b>	<b>35</b>	<b>14,376</b>	<b>-991</b>	<b>-977</b>

### Pay and Price Inflation as at August 2014

In 2014/15, the budget includes 1% for increases in pay and 1.5% for increases in general prices, with an additional amount of £0.517m which is held to assist services that may experience price increases greatly in excess of the 1.5% inflation allowance provided when setting the budget. At present it is not anticipated that there will be a significant call on this budget but this will not be released until there is greater clarity.

#### Pay:

2014/15 – The MTFs approved by Council on the 5th March 2014 includes 1% for increases in pay. This equates to £0.807m and is held as a corporate provision.

The national joint council (NJC) trade union side, the negotiators for local government pay, have submitted the following claim for a pay increase for its members in 2014-15:

**“A minimum increase of £1 an hour on scale point 5 to achieve the living wage and the same flat rate increase on all other scale points.”**

The Local Government Association responded by offering Council employees a pay increase from 1 April 2014. All staff earning £14,880 or more would receive a 1% rise. Staff earning less than this would receive extra, in order to keep their hourly rate at least 25p above the national minimum wage. The national minimum wage is due to increase by 3.0% to £6.50 on 1 October 2014.

Union members have rejected the offer and took strike action on 10 July. No further talks have taken place since that date, although the unions have offered to go to the Government's arbitration and conciliation service. GMB, UNISON and Unite have agreed that their members will run a co-ordinated strike of their local government and school members on 14 October.

The Government has stipulated that it wants to restrict public sector pay awards to an average of 1% for 2014/15 (Autumn Statement 2011) and 1% for 2015/16 (Spending Round 2013).

#### Prices:

CPI annual inflation was 1.5% in August 2014, which is down from 1.6% in July 2014. The main contributors to the drop in the rate were the price of motor fuels and food and non-alcoholic drinks costs. The drop was partially offset by an increase in clothing prices, transport services costs and alcohol.

CPIH, the measure of consumer price inflation including owner occupiers' housing costs, grew by 1.5% in the year to August 2014, unchanged from July 2014. Owner occupiers' housing costs increased by 0.1% between August 2014 and July 2014.

RPI annual inflation stands at 2.4% in July 2014, down from 2.5% in July 2014.

#### Outlook for inflation:

On 4 September 2014, the Bank of England's Monetary Policy Committee (MPC) voted to maintain the Bank Base Rate at 0.5%. The Committee also voted to continue with its programme of asset purchases totalling £375 billion, financed by the issuance of central bank reserves. The MPC reached its decisions in the context of the monetary policy guidance announced alongside the publication of the August 2013 Inflation Report.

In the minutes published on 17 September, the MPC noted that “looking ahead, Bank staff expected twelve-month inflation to fall slightly further, reflecting the higher exchange rate, lower crude oil prices, and some utility price base effects. It was then expected to pick up a little towards the end of the year. Import price pressures more broadly remained muted.” Regarding pressures from employees costs the MPC found that wage inflation continues to be weak and had probably “been depressed by changes in the composition of employment towards individuals with lower wage levels, such as those with fewer qualifications or workers with less tenure. As the impact of these compositional changes waned over time, earnings growth might well rise, perhaps bringing it more into line with some of the surveys. However, these compositional effects need have little impact on labour costs, and so inflationary pressure, if they affected pay and productivity to a similar degree. Labour costs per unit of output were currently rising by only around 1% per year, considerably weaker than was consistent with the inflation target in the long run.”

The Office for National Statistics reports that the unemployment rate fell to 6.2% in the three months to the end of July, its lowest level since the bank bailouts of October 2008. The number of people out of work declined 146,000 to 2.02m, with the number of claimants for Jobseeker’s Allowance falling below 1m in August. However, wages continue to lag the current 1.5% rate of CPI inflation, with pay including bonuses up 0.6% on an annual basis.

The latest inflation and unemployment forecasts for the UK economy, based on a summary of independent forecasts are set out in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (September 2014)

	Lowest %	Highest %	Average %
2014 (Quarter 4)			
CPI	1.0	2.6	1.7
RPI	2.0	3.4	2.5
LFS Unemployment Rate	5.7	6.3	6.1
2015 (Quarter 4)			
CPI	1.7	3.3	2.1
RPI	2.6	4.5	3.3
LFS Unemployment Rate	4.4	6.1	5.6

The medium term forecasts based on a summary average of independent forecasts (August 2014) for 2014 to 2018 are set out in the following table:-

Source: HM Treasury – Medium Term Forecasts for the UK Economy (August 2014)

	2014	2015	2016	2017	2018
CPI	1.7%	2.0%	2.1%	2.1%	2.1%
RPI	2.4%	3.1%	3.5%	3.4%	3.4%
LFS Unemployment Rate	6.4%	5.9%	5.6%	5.5%	4.8%

Clearly where the level of inflation during the year exceeds the amount provided for in the budget, this will put pressure on services to stay within budget and will require effective monitoring and control.

**Treasury Management: Outlook**

The Bank Base Rate has been kept at its low of 0.5% since March 2009. On 4 September 2014, the Bank of England's Monetary Policy Committee (MPC) voted to maintain the Bank Base Rate at 0.5%. The Committee also voted to continue with its programme of asset purchases totalling £375 billion, financed by the issuance of central bank reserves.

In the MPC minutes published on 17 September 2014, the MPC reiterated that although the Bank Base Rate is expected to increase in the next few months, it was likely to be a gentle and phased increase. Although two members of the MPC again voted for a 0.25% increase this was rejected and the MPC believe that "given the likely persistence of headwinds weighing on the economy, when Bank Rate did begin to rise, it was expected to do so only gradually. Moreover, the persistence of those headwinds, together with the legacy of the financial crisis, meant that Bank Rate was expected to remain below average historical levels for some time to come. The actual path Bank Rate would follow over the next few years was uncertain, and would depend on economic circumstances. In other words, the Committee's guidance on the likely pace and extent of interest rate rises was an expectation, not a promise. "

Analysts are predicting that rates will begin to rise in early 2015. Low inflation is currently helping the Bank of England to keep rates low.

The MPC makes its decisions in the context of the monetary policy forward guidance announced alongside the publication of the August 2013 Inflation Report. This guidance was summarised and reported in the July 2013 monitoring report.

The Inflation Report for February 2014 provided a summary of the Bank of England's approach to its proposed monetary policy as the economy recovers and once the unemployment threshold has been reached:-

- The MPC sets policy to achieve the 2% inflation target, and, subject to that, to support the Government's economic policies, including those for growth and employment.
- Despite the sharp fall in unemployment, there remains scope to absorb spare capacity further before raising Bank Rate.
- When Bank Rate does begin to rise, the appropriate path so as to eliminate slack over the next two to three years and keep inflation close to the target is expected to be gradual.
- The actual path of Bank Rate over the next few years will, however, depend on economic developments.
- Even when the economy has returned to normal levels of capacity and inflation is close to the target, the appropriate level of Bank Rate is likely to be materially below the 5% level set on average by the Committee prior to the financial crisis.
- The MPC intends to maintain the stock of purchased assets at least until the first rise in Bank Rate.

- Monetary policy may have a role to play in mitigating risks to financial stability, but only as a last line of defence if those risks cannot be contained by the substantial range of policy actions available to the Financial Policy Committee and other regulatory authorities.

The Bank of England published the August Inflation Report on 13 August. Changes to the Bank Base Rate will depend on how quickly the economy recovers and will be set to achieve the inflation target of 2%.

The MPC sets monetary policy to meet the 2% target in the medium term and in a way that helps to sustain growth and employment.

Bank Base Rates forecasts, based on July 2014, are set out in the following table:-

	End Q.3 2014	End Q.4 2014	End Q.1 2015	End Q.2 2015	End Q.3 2015	End Q.4 2015	End Q.1 2016	End Q.2 2016	End Q.3 2016	End Q.4 2016	End Q.1 2017	End Q.2 2017
Capita	0.5%	0.5%	0.75%	0.75%	1.0%	1.0%	1.25%	1.25%	1.5%	1.75%	2.0%	2.0%
Capital Economics	0.5%	0.5%	0.75%	0.75%	1.0%	1.0%	1.25%	1.25%	1.5%	1.5%		

**AWAITING UPDATE FOR THIS TABLE.**

### Community & Housing Summary Capital Report - August 2014 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Adult Social Care	140,980	(10,129)	8,080	(18,209)	140,019	(961)
Libraries Total	0	0	0	0	0	0
Adult Education and Community	0	0	0	0	0	0
Housing	2,676,740	119,227	305,260	(186,033)	2,674,710	(2,030)
Community and Housing Total	2,817,720	109,098	313,340	(204,242)	2,814,729	(2,991)

### Corporate Services Summary Capital Report - August 2014 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Business Improvement	1,306,350	26,310	547,397	(521,087)	893,840	(412,510)
Corporate Governance	0	0	0	0	0	0
Corporate Items	1,542,340	0	833,330	(833,330)	0	(1,542,340)
Facilities Management Total	1,410,920	107,834	296,468	(188,634)	1,295,000	(115,920)
IT Total	1,180,280	82,037	112,902	(30,865)	980,280	(200,000)
Resources	333,450	0	0	0	308,500	(24,950)
IT Transformation Unallocated	240,160	0	(75,000)	75,000	0	(240,160)
<b>Corporate Services Total</b>	<b>6,013,500</b>	<b>216,181</b>	<b>1,715,097</b>	<b>(1,498,916)</b>	<b>3,477,620</b>	<b>(2,535,880)</b>

### Children, Schools & Families Summary Capital Report - August 2014 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Aragon expansion	0	(31,207)	0	(31,207)	0	0
Benedict expansion	0	0	0	0	0	0
Cranmer expansion	2,051,770	1,873,047	854,904	1,018,143	2,051,770	0
Primary Expansion Contingency	0	0	0	0	0	0
Joseph Hood Permanent Expansn	219,830	(12,902)	219,830	(232,732)	219,830	0
Holy Trinity Expansion	61,000	56,348	39,740	16,608	61,002	2
St Mary's expansion*	2,946,040	660,536	816,709	(156,173)	2,946,044	4
All Saints/ South Wim YCC exp	9,250	0	9,250	(9,250)	9,250	0
Gorringe Park expansion	9,620	(14,056)	18,570	(32,626)	9,618	(2)
Hillcross School Expansion	3,492,490	403,756	971,082	(567,326)	3,492,485	(5)
Merton Abbey Temp Accomodation	3,452,300	714,813	1,020,353	(305,540)	3,452,305	5
Pelham School Expansion	3,200,000	456,221	1,130,178	(673,957)	3,200,000	0
Dundonald expansion	981,790	135,104	667,300	(532,197)	981,793	3
Poplar Permanent Expansion	3,450,260	1,134,734	1,170,952	(36,218)	3,450,263	3
Liberty expansion	2,620	2,077	2,620	(543)	2,620	0
Singlegate expansion	4,291,090	228,901	1,197,650	(968,749)	3,880,150	(410,940)
Wimbledon Park expansion	429,380	82,298	369,380	(287,082)	429,380	0
<b>Primary Expansion</b>	<b>24,597,440</b>	<b>5,689,670</b>	<b>8,488,518</b>	<b>(2,798,849)</b>	<b>24,186,510</b>	<b>(410,930)</b>



## Children, Schools &amp; Families Summary Capital Report - August 2014 Monitoring Continued ...

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Devolved Formula Capital	439,640	152,095	439,640	(287,545)	365,028	(74,612)
Early Years	0	(59,158)	0	(59,158)	0	0
Free School Meals	437,090	90,243	0	90,243	437,090	0
Garden PCP	0	0	12,310	(12,310)	12,310	12,310
Schools Access Initiative Inc	0	(711)	0	(711)	850	850
SS Peter & Paul PCP	0	0	0	0	0	0
St Ann's Primary Phase	0	20,610	0	20,610	0	0
Cricket Green Site	50,050	5,330	50	5,280	50,050	0
Primary school autism unit	320,000	1,095	53,749	(52,654)	320,000	0
Breaks-disabled children grant	0	(4,038)	0	(4,038)	0	0
Perseid	480,600	0	18,375	(18,375)	480,600	0
Secondary School Autism Unit	40,000	0	0	0	40,000	0
Lonesome - Main Heating	0	(1,194)	0	(1,194)	7,370	7,370
The Sherwood-Boiler&Perim Fnc	0	(1,868)	0	(1,868)	9,350	9,350
West Wim-Boiler&Perim Fnc	0	0	0	0	7,090	7,090
Wimb Chase-Dining Hall Roof	0	(760)	0	(760)	0	0
Cricket Gn-Imprved site access	0	0	0	0	0	0
Morden - Safer access scheme	0	(5,000)	0	(5,000)	0	0
Merton Pk- Entrance adaptation	630	0	630	(630)	11,080	10,450
Schs Cap Maint & Accessibility	686,170	7,656	174,920	(167,264)	686,170	0
B631 - Solar PV Raynes Prk Pav	0	(17,000)	0	(17,000)	0	0
Raynes Park Sports Pavilion	4,770	(25,257)	4,770	(30,027)	4,770	0
Secondary School expansion	0	0	41,665	(41,665)	0	0
Harris Merton 4fe	50,000	0	0	0	50,000	0
St Marks 4fe	50,000	0	0	0	50,000	0
Harris Morden 4fe now 2fe	50,000	0	0	0	50,000	0
Ricards Lodge 2fe	25,000	0	0	0	25,000	0
New School 6fe	100,000	0	0	0	100,000	0
Schools Equipment Loans	372,800	0	50,000	(50,000)	372,800	0
ICT Harnessing Technolgy Grant	0	0	0	0	0	0
Wimbledon Chase DCSF grant	68,980	3,579	68,980	(65,401)	68,980	0
Youth&Comm centres reprovision	17,390	(795)	(2,610)	1,815	17,390	0
	<b>3,193,120</b>	<b>164,827</b>	<b>862,479</b>	<b>(697,652)</b>	<b>3,165,928</b>	<b>(27,192)</b>
<b>Children Schools and Families</b>	<b>27,790,560</b>	<b>5,854,497</b>	<b>9,350,997</b>	<b>(3,496,501)</b>	<b>27,352,438</b>	<b>(438,122)</b>

### Environment & Regeneration Summary Capital Report - August 2014 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Footways Planned Works	1,000,000	116,335	197,741	(81,406)	1,000,000	0
Greenspaces	966,200	312,750	131,742	181,008	869,550	(11,650)
Highways General Planned Works	747,390	88,612	96,211	(7,599)	670,250	(77,140)
Highways Planned Road Works	1,783,100	52,545	279,634	(227,089)	1,783,100	0
Leisure Centres	1,609,290	221,923	541,285	(319,362)	1,609,290	0
Other E&R	114,340	(2,893)	27,660	(30,553)	63,840	(50,500)
On and Off Street Parking	42,910	22,456	4,000	18,456	42,910	0
Plans and Projects	130,000	0	40,000	(40,000)	130,000	0
Regeneration Partnerships	2,493,410	114,851	(48,875)	163,726	2,342,435	(150,975)
Street Lighting	410,000	22,550	92,189	(69,639)	410,000	0
Street Scene	375,190	11,226	80,127	(68,902)	315,000	(60,190)
Transport for London	2,326,350	335,242	107,284	227,958	2,295,550	(30,800)
Traffic and Parking Management	173,230	39,533	43,500	(3,967)	173,230	0
Transport and Plant	678,680	28,563	54,998	(26,435)	601,400	(77,280)
Safer Merton - CCTV & ASB	0	0	0	0	0	0
Environmental Health	0	18,736	0	18,736	0	0
Waste Operations	215,400	13,519	10,500	3,019	215,400	0
Dev and Licensing PH Framework	30,000	0	0	0	30,000	0
<b>Environment and Regeneration</b>	<b>13,095,490</b>	<b>1,395,948</b>	<b>1,657,996</b>	<b>(262,049)</b>	<b>12,551,955</b>	<b>(458,535)</b>

## Virement, Re-profiling and New Funding

Appendix 5b

	2014/15 Budget	Virements	Adjusted & New Funding	Reprofiling	Revised 2014/15 Budget	2015/16 Budget	Adjusted & New Funding	Reprofiling	Revised 2015/16 Budget	2016/17 Budget	Adjusted & New Funding	Revised 2016/17 Budget
	£	£	£	£	£	£	£	£	£	£	£	£
<b>Environment &amp; Regeneration</b>												
B678 Commonsides East	47,000		8,010		55,010	0			0	0		0
B521 Morden Park	29,780			(29,780)	0	0		29,780	29,780	0		0
B626a-c Cottenham Park and Holland Gardens	28,000			(28,000)	0	0		28,000	28,000	0		0
Mitcham Major Schemes	1,443,000			(1,243,000)	200,000	0	557,000	1,243,000	1,800,000	0	885,000	885,000
Accessibility Programme	130,000		(10,000)		120,000	0			0	0		0
Cycle access/parking	200,000		(16,000)		184,000	0			0	0		0
Victoria Road Bus Access Improvement	20,000		(1,600)		18,400	0			0	0		0
Casualty Reduction and Schools	200,000		(16,000)		184,000	0			0	0		0
Cycle Improvement	100,000		(10,000)		90,000	0			0	0		0
Haydons Road - TfL	374,000	(374,000)			0	0			0	0		0
Central Road TfL	0	360,000			360,000	0			0	0		0
Coombe Lane TfL	0	90,000			90,000	0			0	0		0
London Rd Lower Green to Cricket-TfL	76,000	(76,000)			0	0			0	0		0
Biking Borough Programme	30,000		(2,400)		27,600	0			0	0		0
Bus Stop Compliance	140,000		(11,200)		128,800	0			0	0		0
CCTV (match funding)	145,000			(145,000)	0			145,000	300,000		300,000	300,000
Town Centre Investment	410,000			(410,000)	0	1,278,000		410,000	1,688,000	1,037,000		1,037,000
New Traffic Schemes	730	(730)			0	0			0	0		0
Mitcham Town Centre Improvement	701,630			(300,000)	401,630	0		300,000	300,000	0		0
High Path Area (Option 1 and 3)	6,000		(6,000)		0	0			0	0		0
Traffic Schemes	135,000	730			135,730	135,000			135,000	150,000		150,000
<b>Community and Housing</b>												
191-193 Western Road	0				0	0	115,000		115,000	0		0
Disabled Facilities Grant	1,335,240		10,230		1,345,470	724,000			724,000	724,000		724,000
Small Repairs Grant	40,000		12,420		52,420	40,000			40,000	60,000		60,000
Universal Coldbusters	0		19,610		19,610	0			0	0		0
<b>Children, Schools and Families</b>												
Garden PCP	12,310	(12,310)			0				0			0
Holy Trinity Expansion	39,740	21,260			61,000				0			0
Gorringe Park Expansion	18,570	(8,950)			9,620				0			0
<b>Total</b>	<b>5,662,000</b>	<b>0</b>	<b>(22,930)</b>	<b>(2,155,760)</b>	<b>3,483,290</b>	<b>2,177,000</b>	<b>827,000</b>	<b>2,155,780</b>	<b>5,159,780</b>	<b>1,971,000</b>	<b>1,185,000</b>	<b>3,156,000</b>
B678 Commonsides East	47,000		8,010		55,010	0			0	0		0
B521 Morden Park	29,780			(29,780)	0	0		29,780	29,780	0		0

## Capital Programme Funding Summary 2014/15

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
<b>Cabinet - September 2014</b>	<b>21,076</b>	<b>30,820</b>	<b>51,896</b>
<b>Environment and Regeneration</b>			
B521 - Morden Park	0	(30)	(30)
B626a--c Cottenham Park & Holland Garden	0	(28)	(28)
Mitcham Major Schemes	0	(1,243)	(1,243)
Mitcham Town Centre Imp	(300)	0	(300)
Town Centre Investment	(410)	0	(410)
B678 Commonsides East	0	8	8
Accessibility Programme	0	(10)	(10)
Cycle access/parking	0	(16)	(16)
Victoria Road Bus Access Improvement	0	(2)	(2)
Casualty Reduction and Schools	0	(16)	(16)
Cycle Improvement	0	(10)	(10)
Biking Borough Programme	0	(2)	(2)
Bus Stop Compliance	0	(11)	(11)
CCTV (match funding)	(145)	0	(145)
High Path Area (Option 1 and 3)	(6)	0	(6)
<b>Community &amp; Housing</b>			
Disabled Facilities Grant	0	10	10
Small Repairs Grant	0	12	12
Universal Coldbusters	0	20	20
<b>Cabinet - October 2014</b>	<b>20,215</b>	<b>29,502</b>	<b>49,717</b>

## Capital Programme Funding Summary 2015/16

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
<b>Cabinet - September 2014</b>	<b>9,612</b>	<b>34,799</b>	<b>44,411</b>
<b>Environment and Regeneration</b>			
B521 - Morden Park	0	30	<b>30</b>
B626a--c Cottenham Park & Holland Garden	0	28	<b>28</b>
Mitcham Major Schemes	0	1,800	<b>1,800</b>
Mitcham Town Centre Improvements	300	0	<b>300</b>
Town Centre Improvements	410	0	<b>410</b>
CCTV (match funding)	300	0	<b>300</b>
<b>Community and Housing</b>			
191-193 Western Road	0	115	<b>115</b>
<b>Cabinet - October 2014</b>	<b>10,622</b>	<b>36,772</b>	<b>47,394</b>

DEPARTMENT: CHILDREN, SCHOOLS & FAMILIES SAVINGS PROGRESS: 2014-15

APPENDIX 6

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible officer	Comments	R / A Included in Forecast Over/Underspend? Y/N
CSF2012-01	Reduction of the overall detached youth service budgets following service review. <b>Children Social Care</b>	25	25	0	G	Paul Angeli		
CSF2012-09	Participation/Advocacy commissioning	50	50	0	G	Paul Angeli		
CSF2012-10	Duke of Edinburgh reprovide via schools funding	25	25	0	G	Paul Angeli		
CSF2012-12	Family and Adolescent Services Stream - Transforming Families (TF), Youth Offending Team (YOT) and in Education, Training and Employment (ETE)	100	100	0	G	Paul Angeli		
CSF2012-02	Increased income generation and management efficiencies <b>Education</b>	70	70	0	G	Jan Martin		
CSF2012-03	Service restructuring and realignment to deliver efficiencies	100	100	0	G	Jan Martin		
CSF2012-08	Introduce new models of fulfilling the council's statutory responsibilities for the provision of SEN transport	140	70	70	A	Jan Martin	Base budgets were reduced. The annual SLA charge is circa £300k above the budget due to an increase in 2013/14. Overall transport budget is forecasting an overspend due to increase taxi costs. Procedures have been put in place to generate savings.	Y
CSF2012-05	Reduction in commissioning budgets for Early Intervention and Prevention service <b>Commissioning, Strategy and Performance</b>	50	50	0	G	Paul Ballatt		

DEPARTMENT: CHILDREN, SCHOOLS & FAMILIES SAVINGS PROGRESS: 2014-15

APPENDIX 6

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible officer	Comments	R / A Included in Forecast Over/Underspend? Y/N
CSF2012-06	Reduce expenditure on LAC and SEN placements	200	178	22	A	Paul Ballatt	Base budgets were reduced. Increased cost due to higher caseload is causing a cost pressure, some of which is covered by grant funding. Grant funding is not expected to continue which will lead to an even bigger cost pressure in future years.	Y
CSF2012-07	Staffing reduction equivalent to 1 fte	50	50	0	G	Paul Ballatt		
CSF2012-11	Reduction of one post in commissioning and partnerships	50	50	0	G	Paul Ballatt		
	<b>Total Children, Schools &amp; Families Department Savings for 2014-15</b>	<b>860</b>	<b>768</b>	<b>92</b>				



**DEPARTMENT: CHILDREN, SCHOOLS & FAMILIES SAVINGS PROGRESS: 2014-15**

**APPENDIX 6**

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible officer	Comments	R / A Included in Forecast Over/Underspend? Y/N

**APPENDIX 6**

**DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2014/15**

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall £000	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
	<b>Adult Social Care</b>							
ASC7	0% inflation uplift to third party suppliers	550	495	55	A	David Slark	No uplifts have been awarded to date and although at this stage there is no indication this will change, prudently we will assume 90% achievement of this target.	Y
ASC13/ASC34	Brokerage Efficiencies	300	200	100	R	Julie McCauley	The framework contract required to deliver these savings was advertised but did not attract suppliers. Additionally a short-term contract negotiated with Life Style for provision of care at Elandia Hall will result in additional spend. This savings will not be achieved. Alternative procurement savings are being worked up details of which will be available for the next period.	Y
ASC16	Transitions	50	22	28	R	Jonathan Brown	There has been no separation between these two projects. The care packages reviewed to date have identified projected savings of circa £49k, prudently we will forecast circa 90% of the identified savings.	Y
ASC19	Monitoring of high value/high cost placements (domiciliary)	50	22	28	R	Jonathan Brown	The framework contract required to deliver these savings was advertised but did not attract suppliers. Additionally a short-term contract negotiated with Life Style for provision of care at Elandia Hall will result in additional spend. This savings will not be achieved. Alternative procurement savings are being worked up details of which will be available for the next period.	Y
ASC8	Optimising the use of block and spot contracts	300		300	R	David Slark		

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall £000	RAG	Responsible Officer	Comments	R / A Included in Forecast Over/Undersp end? Y/N
ASC45	Reablement (outcome- care packages)	50		50	R	Sarah Wells	It was anticipated that reductions in Older People's packages after hospital discharge was possible once the new MILES Reablement service was fully operational. Delays in the implementation of the new service will result in this saving not being achieved in 2014-15.	
ASC46	Review Service packages	60	54	6	A	Jean Spencer	The projected savings to dates is circa £45k. It is anticipated that additional reviews could yield a further £15k, prudently however we will assume 90% achievement of this target.	Y
ASC54	Reduction in Mental Health Placement	50	0	50	R	Kamla Sumbhoolal	There has been an increase in care packages and in the number of people requiring placements. In addition CCG have stepped people down from CCG health funded placements, as well as the expectation of the CMHT contributing 50/50. The savings project manager will however endeavour to yield savings where possible, prudently however we will assume this savings will not be achieved.	Y
CH12	Remove day care costs from residential customers	250	0	250	R	Andy Ottaway-Seattle	The LD/PD teams place few residential customers in external day opportunities; most live with families and day services are highly specialised, additionally residential homes increase their charges if asked to arrange day time activities. It is therefore anticipated this saving will not be achieved.	Y
CH14	All Saints Respite extension	36	0	36	R	Julie McCauley	A sound plan has been developed to release savings by supporting people with PD at All Saints as well as existing LD users. The building however needs minor adaptation and this has not been progressed. These savings cannot therefore be achieved as planned.	Y

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall £000	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
CH15	Assistive Technology	70	0	70	R	Andy Ottoway-Searle	Whilst AT has a preventative role, and referrals to MASCOOT have increased with the introduction of 'Just Checking' which assists with the more accurate development of care packages; the outcome is more aligned to 'cost avoidance' than savings. These savings will therefore not be achieved.	Y
CH6	Voluntary Organisation- SLA reduction	150	0	150	G	Rahat Ahmed-Man	This project was inappropriately named as there are no SLA's as such. The aim was to reduce placement costs through volunteer sector providers, essentially impacting third party spend. Therefore the challenges outlined against ASC8 above also relate to this project. Therefore this saving will not be achieved.	
	Voluntary Sector Grants- reduction in infrastructure	98	0	98	R	Rahat Ahmed-Man	Grants have been reduced from circa £1m in 2013-14 to circa £830k in 2014-15. Due to a decision to provide fundings to various voluntary sector organisations this will now not be achieved.	
ASC52	Delete 1 management post & reduce management & staffing costs	53	53	0	G	Rahat Ahmed-Man	A Commissioning Manager's post has been deleted. This savings has been achieved.	
ASC53	Meals on wheels contract	50	0	50	R	Rahat Ahmed-Man	A lower cost alternative will be sourced as part of the ASC Redesign Programme; this saving will be achieved as the programme is progressed. Therefore this saving will not be achieved within 2014-15.	Y
ASC4	TCES Retail Model (simple equipment)	23	33	(10)	G	Maikie Blakemore	It is anticipated that the outturn against this budget line will be circa £14k, prudently we will project 70% of the identified over achievement.	
ASC44	Remodelling of reablement service	282	282	0	G	Sarah Wells	This savings was due from the remodelled MILES service. The establishment was adjusted accordingly and other vacancies have been held. It is likely this savings will be over achieved.	
ASC47	Additional Reablement Funding (CCG)	500	500	0	G	Sarah Wells	This is not a savings, but additional funding which will cover some of the 2014-15 cost increases.	

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall £000	RAG	Responsible Officer	Comments	R / A Included in Forecast Over/Undersp end? Y/N
ASC48	Staff Vacancy Factor	105	105	0	G	ALL	This savings was due to be achieved by holding three specific posts vacant. The staffing budget is currently underspend due to vacancies. This savings will be achieved.	
CH2	Promoting independence	500	280	220	A	Sarah Wells	The delay in implementing the new reablement model has impacted on the ability to fully achieve this saving. Vacancies have been held and other minor budgets frozen to help achieve part of this savings.	
CH4	Reduce management costs & reduction in staffing costs	148	148	0	G	Jonathan Brown/ Jenny Rees & Julie Phillips	The staffing budgets are projected to underspend. This saving will be achieved.	
CH13	Reduction in staffing in Access & Assessment	50	50	0	G	Jonathan Brown/ Jenny Rees & Julie Phillips	The staffing budgets are projected to underspend. This saving will be achieved.	

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall £000	RAG	Responsible Officer	Comments	R / A Included in Forecast Over/Undersp end? Y/N
ASC6/ASC49/CH8	Transport	246	0	246	R	Andy Ottaway-Searle	Actions have been taken to reduce transport volumes. External factors such as the rise in taxi costs and an increase in overheads from the in-house transport service will mean this savings is not achieved.	Y
ASC50/CH7	Staffing savings in Direct Provision	216	216	0	G	Andy Ottaway-Searle	The management staff establishment has been reduced. This saving will be achieved.	
ASC23	system . Reablement	(2,000)	(2,000)	0	G	Sarah Wells		
	<b>Merton Adult Education</b>							
	Increase income from commercial courses and café, reduction in staff. Admin & marketing cost.	176	0	176	R	Yvonne Tomlin	Budget holder meeting to be arranged to establish an action plan to meet savings as team is already forecasting an overspend.	Y
	Media fund	10	10	0	G	Anthony Hopkins		
	Homelessness Prevention Grant	92	92	0	G	Steve Langley		
	<b>Total Community &amp; Housing Department Savings for 2014/15</b>	<b>2,465</b>	<b>562</b>	<b>1,903</b>				

## DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 14-15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible Officer	Comments	R / A Included in Forecast Over/Under
CS1	<u>Business Improvement</u> Rationalisation of management costs	50	50	0	A	Sophie Ellis	Awaiting outcome of restructure	N
CS3	Generate income through training	5	5	0	R	Sophie Ellis	Alternate saving to be identified	N
CS4	Expiry of salary protection	10	10	0	G	Sophie Ellis		
CS5	<u>IT Service Delivery</u> Review and challenge of the procurement of Support & Maintenance & Licence Contracts	29	29	0	G	Mark Humphries		
CS6	Consolidation of ITSD Revenue Budgets	34	34	0	G	Mark Humphries		
CS7	Reduction of costs through re-procurement of Mobile Telephones Contract against a number of revenue budgets spread across the Council	10	10	0	G	Mark Humphries		
CS9	Fallout of pay protection	16	16	0	G	Mark Humphries		
CS11	Deletion of One Van	5	5	0	G	Mark Humphries		
CS13	Cancellation of all Escrow Agreements (Carefirst, Hometrack Data, Ash, Open Revenues, Proactis, Fibonacci)	4	4	0	G	Mark Humphries		
CS14	Cancellation of ttMobile contract	35	35	0	G	Mark Humphries		
CS19	Energy ReFit Savings (Subject to agreed investment) - Phase 1	100	100	0	G	Mark Humphries		
CS24	Project Manager - Accommodation (Vacant Post)	46	46	0	G	Mark Humphries		



## DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 14-15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible Officer	Comments	R / A Included in Forecast Over/Under
CS26	Savings realised from the renegotiation of Corporate Cleaning Contract	39	39	0	G	Mark Humphries		
CS28	M&E Term Contract (Amalgamation) of Intruder Alarms	10	10	0	G	Mark Humphries		
CS29	Energy Procurement	200	200	0	G	Mark Humphries		
CS32	<u>Corporate Governance</u> Integrate the FOI and Complaints functions	40	0	40	R	Paul Evans	Alternate savings within division identified and implemented	Y
CS35	<u>Customer Services</u> Close Cash Office	30	30	0	G	Sean Cunniffe		
CS36	Re tendering of Cash Collection Contract	20	20	0	A	Sean Cunniffe		N
CS37	Increase Registrars Income	20	20	0	G	Sean Cunniffe		
CS38	Review of Welfare Benefits and New Welfare Support program	30	30	0	G	David Keppler		
CS39	Impact of Customer Service Review	30	30	0	G	David Keppler		
CS40	Rationalisation of Divisional Budgets	20	20	0	G	David Keppler		
CS41	<u>Resources</u> Resources - Change in Audit Arrangements	185	185	0	G	Paul Dale		
CS42	Resources -Fall Out of Pay Protection Arrangement	45	45	0	G	Paul Dale		

## DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 14-15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Under
CS43	Resources -Delete Business Planning Post	50	50	0	G	Paul Dale		
CS44	Resources -Review of Insurance Provision	200	200	0	G	Paul Dale		
CS45	Resources -Improved Cash Management	200	200	0	G	Paul Dale		
CS37	<u>I&amp;T</u> Introduce a charge for the Archive Service Facility (approximately 0.39p per month - commercial rates x 3300 boxes) to produce income - E02243	15	15	0	A	Mark Humphries	Alternate savings to be identified	N
CS46	<u>Human Resources</u> Co-locate all recruitment jobs	60	60	0	G	Dean Shoemith		
CS47	CRB Income generation via sales to PVI	30	10	20	R	Dean Shoemith	Alternate savings to be identified as well as further opportunities for income	Y
CS54	<u>Corporate Governance</u> Delete Deputy Head of Service or one Democratic Services Officer post	18	18	0	G	Paul Evans		
CS56	Reduction in overtime payments to staff in Mayor's Office	1	1	0	G	Paul Evans		
	<u>Customer Services</u> Delete Communications Admin Assistant post (vacant)	23	23	0	G	Sophie Poole		
	Delete Advertising, Film and Sponsorship Officer post (vacant)	40	40	0	G	Sophie Poole		
	<b>Total Corporate Services Department Savings for 2014/15</b>	<b>1,650</b>	<b>1,590</b>	<b>60</b>				

**DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2014-15**

Ref	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
<b><u>LEISURE &amp; CULTURE</u></b>							
ER04	29	29	0	G	James McGinlay	Reductions in supplies & services budgets; Increased income at Morden Assembly Hall and the Watersports Centre; Grant reduction of c15% to both Polka and Attic Theatres.	
ER05	15	15	0	G	James McGinlay	Increase income through installation of multi use games area at Canons Leisure Centre.	
EN33	33	33	0	G	James McGinlay	Recharging for staff time & reduction of 0.2fte.	
EN35	11	11	0	G	James McGinlay	Increased Income through various charging increases.	
EN36	15	15	0	G	James McGinlay	Increased Income through sale of advice & guidance.	
EN38	4	4	0	G	James McGinlay	Reduction of Core Arts Grants to Polka Theatre.	
<b><u>BUILDING &amp; DEVELOPMENT CONTROL</u></b>							
EN00	73	73	0	G	James McGinlay	Staff reduction of 2fte.	
<b><u>TRAFFIC &amp; HIGHWAYS</u></b>							
EN20	50	50	0	G	James McGinlay	Reduction in Grounds Maintenance Budget.	
EN21	30	30	0	G	James McGinlay	Deletion of Major Project Engineer Post.	
EN25	18	18	0	A	James McGinlay	Reduction in the Surface Water Budget. There is a backlog of drainage related repairs that have been prioritised. Adverse weather has added to this backlog but it is currently expected that this pressure can be contained within existing budgets.	Y
EN26	11	11	0	G	James McGinlay	Reduction in the Ditching Budget.	
EN27	10	10	0	G	James McGinlay	Reduction in the Lining Budget.	
EN28	70	70	0	G	James McGinlay	Reduction in Energy budget.	
<b><u>FUTURE MERTON</u></b>							
EN41	40	40	0	G	James McGinlay	Review of staffing levels by 1.5fte within the section following transformation review.	
EN43	60	60	0	G	James McGinlay	Community grant scheme reduction.	
<b><u>GREENSPACES</u></b>							
EN45	96	96	0	G	James McGinlay	Further commercialisation and development of sports and allied parks services	
<b><u>ENVIRONMENTAL HEALTH, TRADING STANDARDS &amp; LICENCING</u></b>							

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2014-15

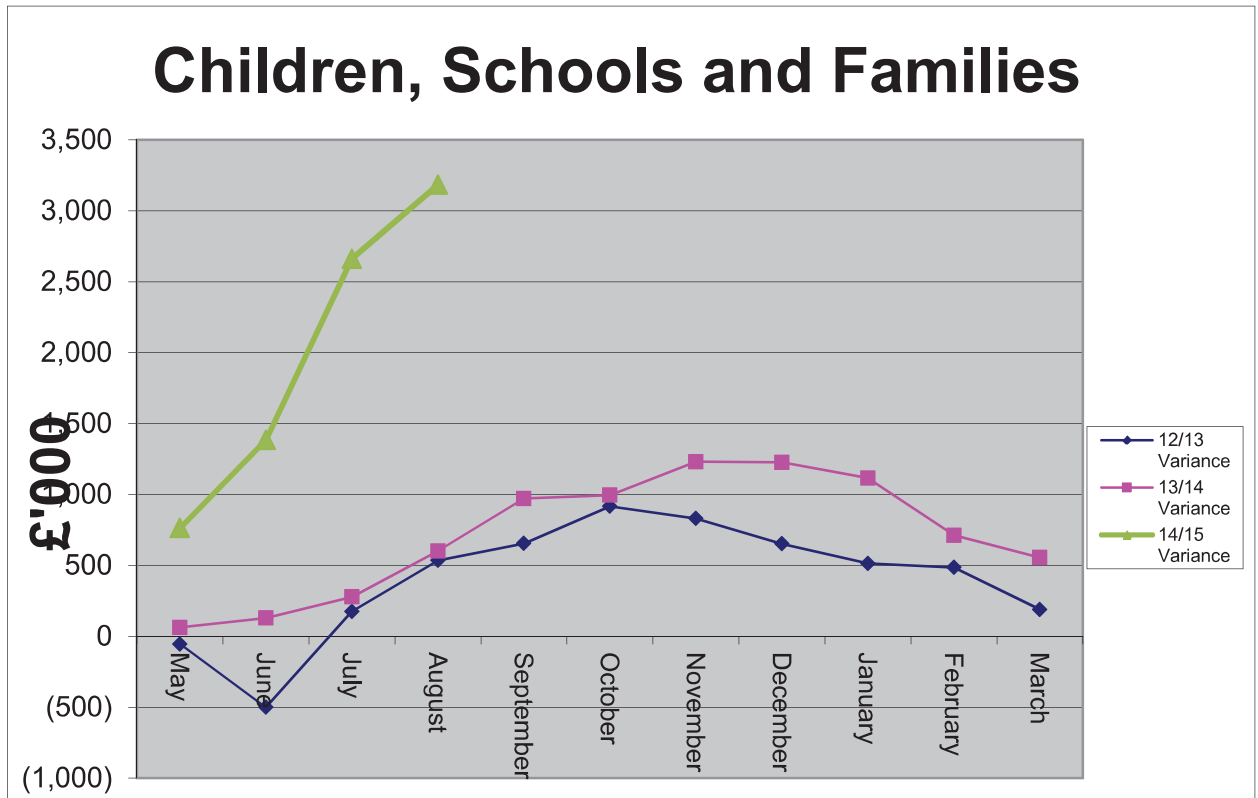
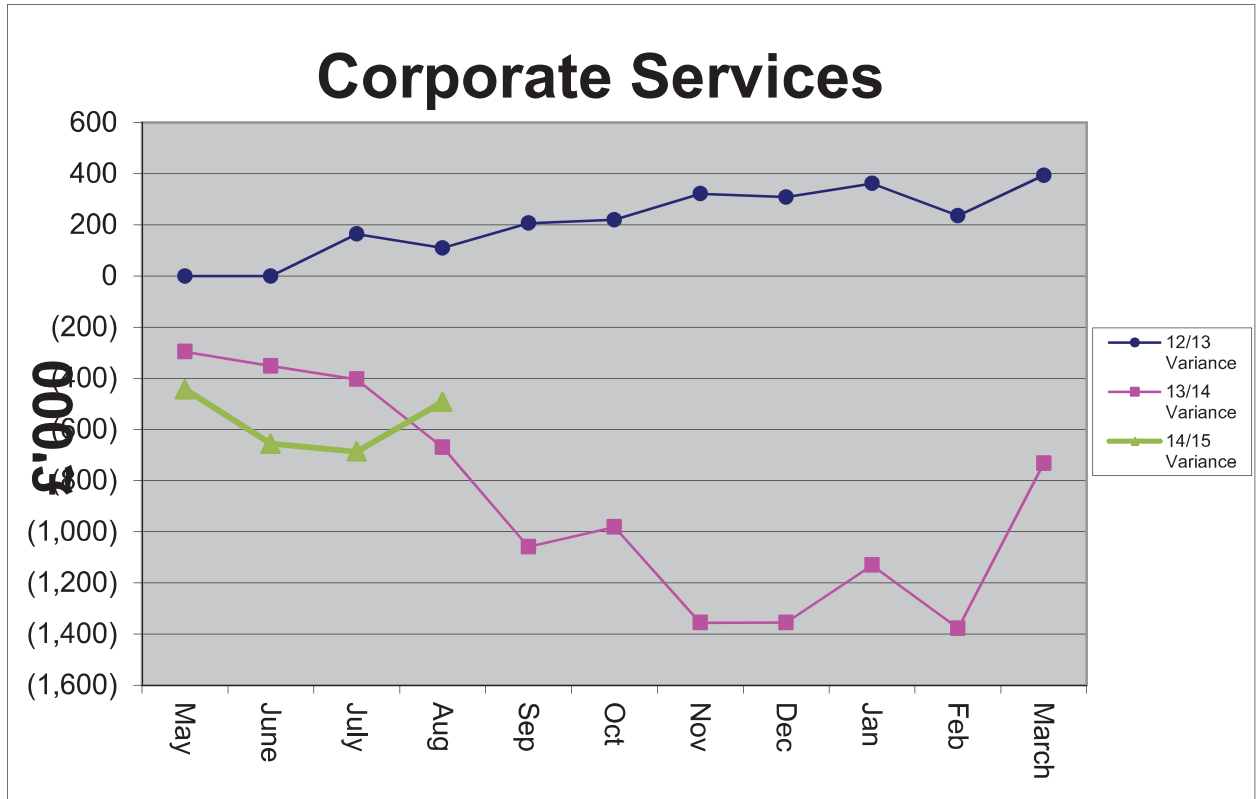
Ref		2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
ER10	Merton & Richmond shared regulatory services.	100	100	0	A	John Hill	Shared Service began on 1st August. Due to the delayed start date, the full £100k saving may not be met this financial year. However, any shortfall is expected to be met from posts currently vacant within the section.	Y
<b>WASTE SERVICES</b>								
ER17	Ceasing compensation payments to Sutton as part of SLWP agreement.	10	10	0	G			
	Planning costs reduction	59	59	0	G	Cormac Stokes		
	Reduction in costs of waste process per tonne	1207	1207	0	G			
	Consultancy and legal costs cease in relation to new partnership contracts	213	188	25	R			Y
ER25	Commercial Waste and Recycling	250	0	250	R	Cormac Stokes	The section is currently working with Eunomia to analyse the commercial waste costs / income. Eunomia are conducting a "full" review of the service, seeking to deliver a final report on action required to improve profitability and income achievement. The report is expected in early autumn.	Y
EN10	Alter management structure as a result of recommendations in consultants report.	56	56	0	G	Cormac Stokes		
EN15	Improved performance management and implementation of the Council's new sickness policy resulting in a reduction in agency staff usage.	100	0	100	R	Cormac Stokes	The 2014/15 baseline budget was reduced by £100k, and the agency related expenditure is forecast to reduce from £2,012k in 2013/14 to £1,607k in 2014/15. However, this still results in a forecast overspend of £395k.	Y
EN17	Reduction in Staffing 1.5 FTE	65	65	0	G	Cormac Stokes		
EN18	Reduction in cost of waste processing per tonne (phase B) contract gate fee	135	135	0	G	Cormac Stokes		
EN19	Reduction/Re-negotiation of Phase A Contracts.	295	295	0	G	Cormac Stokes		
EN20	Reduction of tonnage to landfill based on current projections for disposal	60	60	0	G	Cormac Stokes		
EN21	Dividend from positive movements in Foreign Exchange rates associated with capital costs of Phase B facility resulting in improved unitary charge	50	50	0	G	Cormac Stokes		
<b>PARKING SERVICES</b>								
EN03	Enforcement of new CPZ's (Controlled Parking Zones)	50	10	40	R	John Hill	The CPZ implementation programme for this year is such that it is unlikely to generate the level of income previously forecast from enforcement. The saving will be mitigated by the employment of additional CEOs to cover sickness, absences and areas of non-compliance not routinely patrolled within the existing staff rotas.	Y

**DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2014-15**

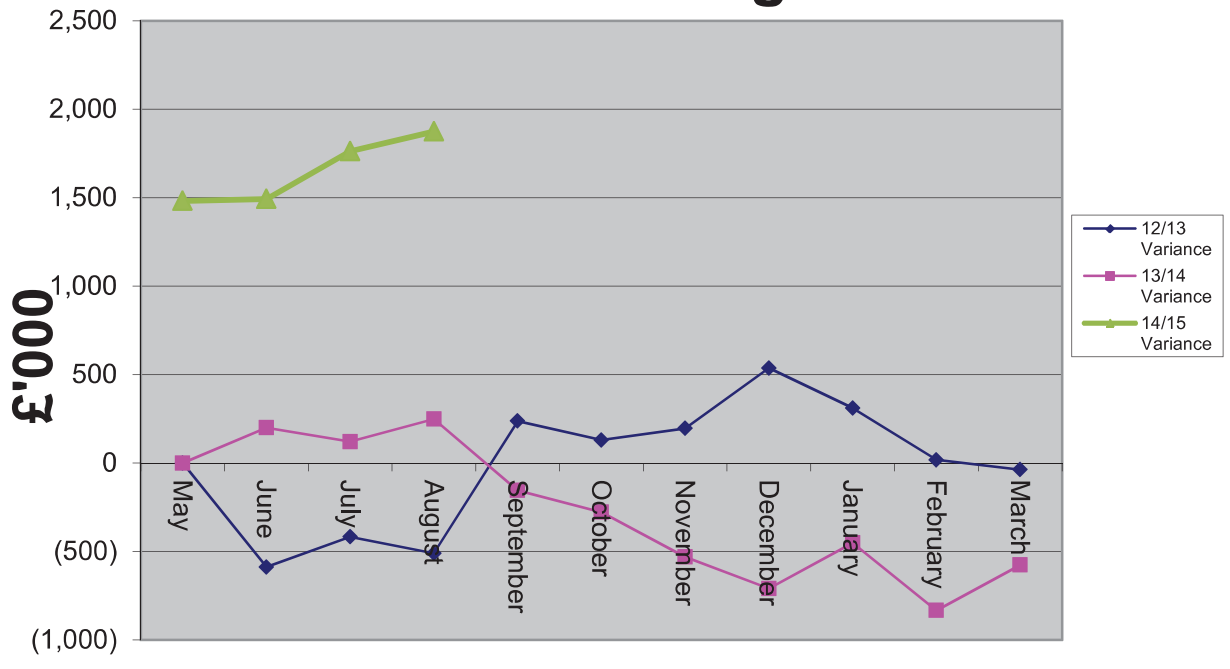
Ref	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
EN04	75	15	60	R	John Hill	This is ongoing, but not at the rate previously forecast.	Y
EN12	48	48	0	G	John Hill		
<b>Total Environment and Regeneration Savings 2014/15</b>		<b>3338</b>	<b>475</b>				

APPENDIX 7

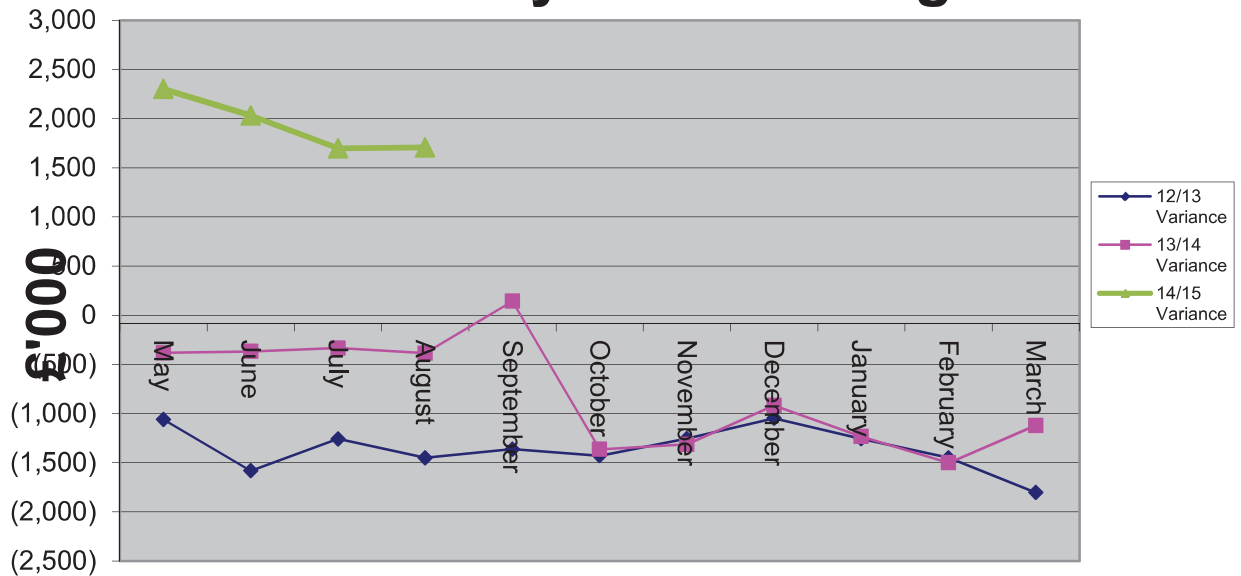
The following charts show the forecast year end variance by department with a comparison for 2012/13 and 2013/14:



## Environment and Regeneration

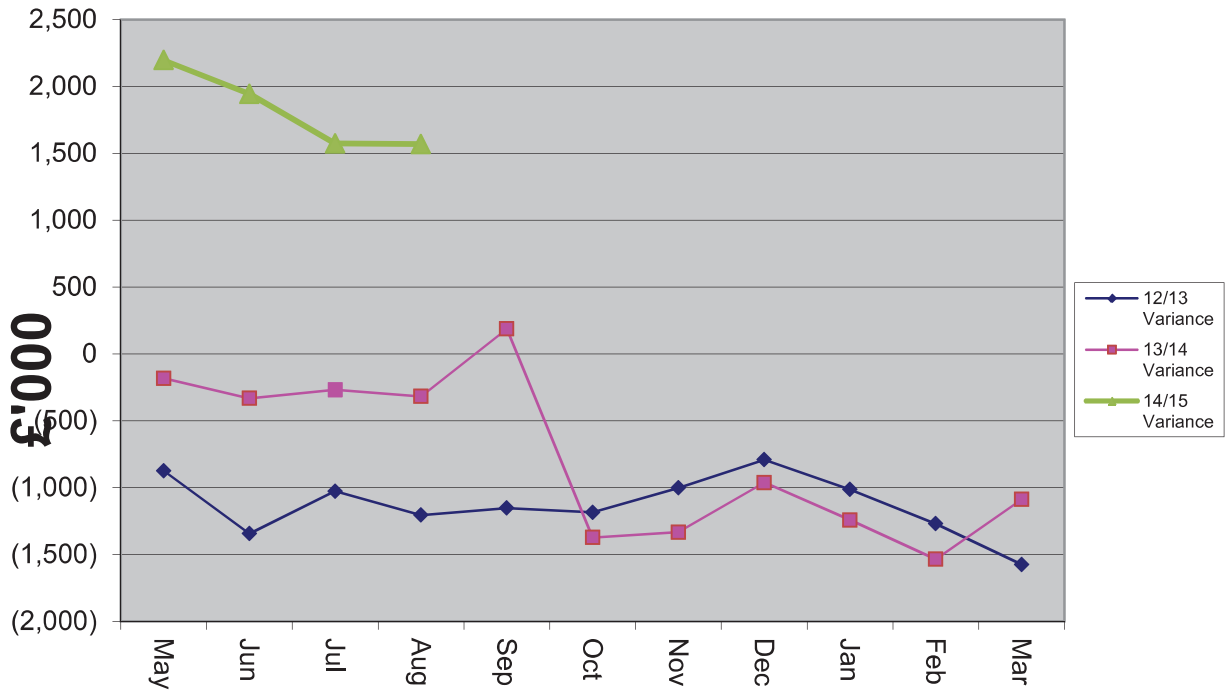


## Community and Housing

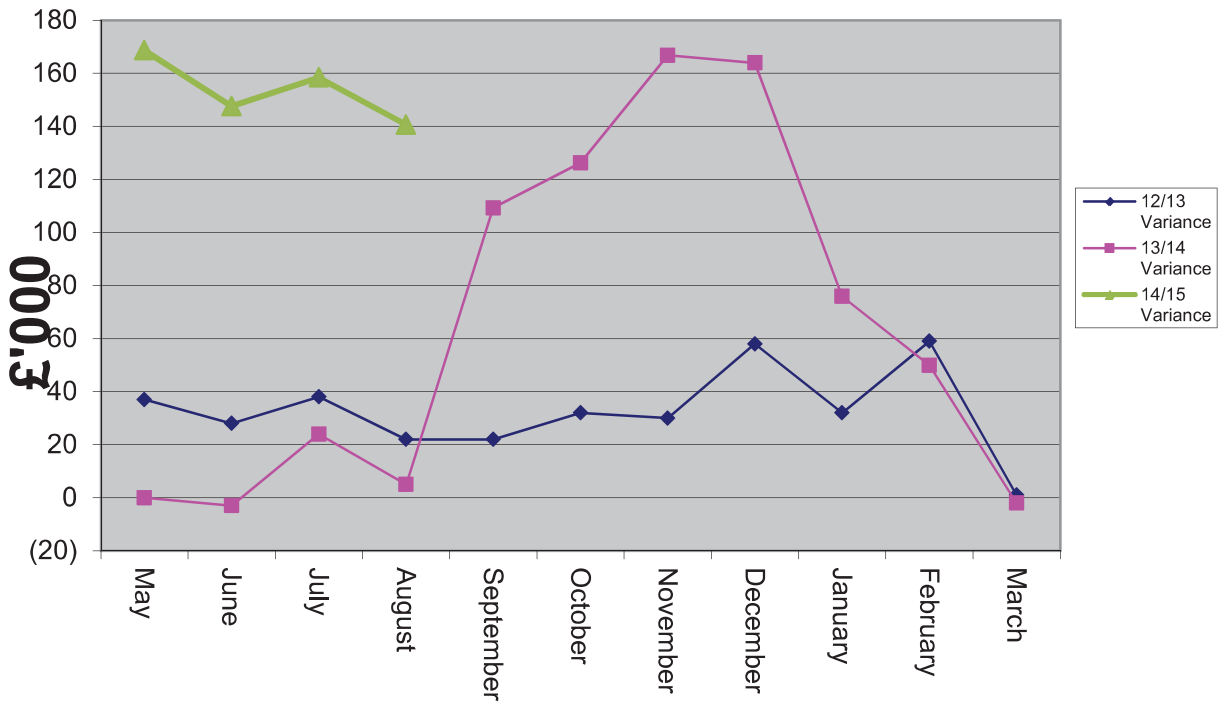




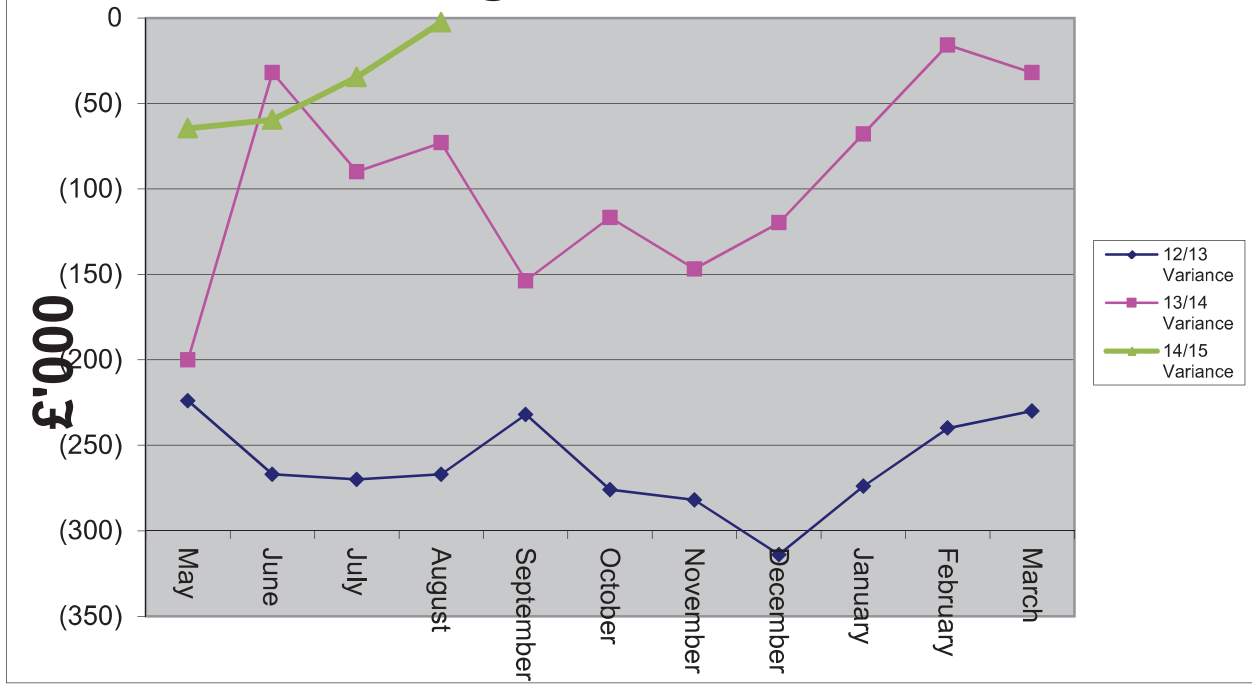
## Adult Social Care



## Libraries & Adult Education



# Housing General Fund



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